

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

DECEMBER 31, 2022

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

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BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

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BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1.

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Allenhurst
County of Monmouth
Allenhurst, New Jersey 07711

Report on the Audit of Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

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

In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's Financial Statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 66% and 69% of the assets and liabilities as of December 31, 2022 and 2021, respectively, of the Borough's Trust Fund.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

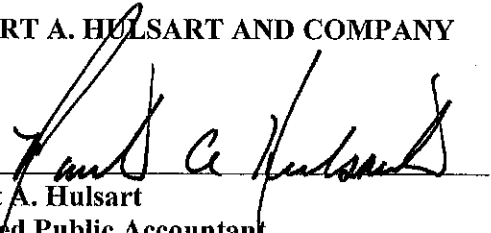
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the affection of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

June 28, 2023

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****Sheet 1 of 2****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2022 AND 2021**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash	A-4	\$ 2,248,687.95	\$ 2,428,518.07
Cash - Change Fund	A-4	2,600.00	2,600.00
Due State of New Jersey:			
Veterans and Senior Citizens	A-11	2,060.00	1,060.00
		<u>2,253,347.95</u>	<u>2,432,178.07</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	51,503.03	18,791.20
		<u>2,304,850.98</u>	<u>2,450,969.27</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-11	47,654.24	57,771.89
Grants Receivable	A-12	60,456.00	24,456.00
		<u>108,110.24</u>	<u>82,227.89</u>
		<u>\$ 2,412,961.22</u>	<u>\$ 2,533,197.16</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****Sheet 2 of 2****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2022 AND 2021**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,9	\$ 357,926.95	\$ 334,666.74
Reserve for Encumbrances	A-3,9	80,992.92	266,987.60
Accounts Payable	A-4,9	176,007.10	272,692.88
Prepaid Taxes	A-4	123,833.40	124,060.43
Reserve for American Rescue Plan	A-4	23,363.93	25,277.45
Tax Overpayments	A-7	1,428.42	11,510.12
Local District School Tax Payable	A-9	8,640.00	
County Taxes Payable	A-8	1,189.95	817.82
Interfunds:			
General Capital Fund	A-10		135.00
Grant Fund	A-11	47,654.24	57,771.89
		<u>821,036.91</u>	<u>1,093,919.93</u>
Reserve for Receivables and Other Assets		51,503.03	18,791.20
Reserve for Municipal Relief Fund		10,225.84	
Fund Balance	A-1	1,422,085.20	1,338,258.14
		<u>2,304,850.98</u>	<u>2,450,969.27</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-13	78,276.58	61,105.23
Unappropriated Reserves	A-14	29,833.66	21,122.66
		<u>108,110.24</u>	<u>82,227.89</u>
Appropriated Reserves			
		<u>\$ 2,412,961.22</u>	<u>\$ 2,533,197.16</u>

There were deferred school taxes on December 31, 2022 and 2021 of \$12,032.50 (Schedule A-8).

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-1****COMPARATIVE STATEMENT OF OPERATIONS AND****Sheet 1 of 2****CHANGE IN FUND BALANCE - REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 742,000.00	\$ 491,500.00
Miscellaneous Revenue Anticipated	A-2	3,114,817.57	2,860,939.37
Receipts from Delinquent Taxes	A-2	17,636.02	49,919.44
Receipts from Current Taxes	A-2	5,383,894.99	5,302,452.91
Non-Budget Revenues	A-2	39,567.08	59,906.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	298,316.99	404,941.71
Grant Fund Cancelled	A-13	30,151.82	
Due from County - COVID			243,860.95
Animal Control Trust Fund Statutory Excess			498.15
Interfund Loans Returned			124,568.68
Total Income		<u>9,626,384.47</u>	<u>9,538,587.81</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		2,268,719.00	2,163,950.00
Other Expenses		1,949,575.00	2,044,840.00
Deferred Charges and Statutory Expenditures		609,403.00	567,500.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		136,694.00	134,500.00
Other Expenses		253,160.66	264,236.00
Capital Improvements		260,000.00	171,500.00
Municipal Debt Service		640,540.93	538,502.42
Deferred Charges		126,250.00	20,000.00
	A-3	<u>6,244,342.59</u>	<u>5,905,028.42</u>
Prior Year Tax Appeals			2,121.31
County Taxes	A-7	2,136,475.75	2,149,202.08
Local District School Taxes	A-8	419,739.00	330,695.00
Cancelled:			
County Taxes Beginning Balance		.02	
Overpayment of Taxes Beginning Balance		.05	
Total Expenditures		<u>8,800,557.41</u>	<u>8,387,046.81</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-1****COMPARATIVE STATEMENT OF OPERATIONS AND****Sheet 2 of 2****CHANGE IN FUND BALANCE - REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>Year 2022</u>	<u>Year 2021</u>
Statutory Excess to Fund Balance		825,827.06	1,151,541.00
Fund Balance January 1	A	1,338,258.14	678,217.14
		<u>2,164,085.20</u>	<u>1,829,758.14</u>
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>742,000.00</u>	<u>491,500.00</u>
Fund Balance December 31	A	<u>\$ 1,422,085.20</u>	<u>\$ 1,338,258.14</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - 2022 - REGULATORY BASIS

Sheet 1 of 3

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	A-1	\$ 742,000.00	\$	\$ 742,000.00	\$
Fund Balance Anticipated					
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-6	720.00		720.00	
Other	A-6	3,200.00		3,902.00	702.00
Fees and Permits	A-6	23,000.00		51,727.75	28,727.75
Interest and Costs on Taxes	A-6	8,000.00		12,489.98	4,489.98
Municipal Court Fines and Costs	A-6	77,000.00		88,952.98	11,952.98
Interest on Investments and Deposits	A-6	9,000.00		62,088.81	53,088.81
State Aid:					
Energy Receipts Tax (P.L. 1997, Chapter 162 and 167)	A-6	196,033.00		196,033.00	
Beach Revenues	A-6	1,750,000.00		1,985,897.26	235,897.26
Fire and First Aid Services Borough of Interlaken and Village of Loch Arbour					
Fire and First Aid Services	A-6	40,700.00		62,012.50	21,312.50
Debt Service		39,500.00		41,202.02	1,702.02
Garbage and Trash Removal	A-6	177,807.00		177,807.00	
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Drunk Driving Enforcement Grant	A-12	1,530.00		1,530.00	
Recycling Tonnage Grant	A-12	6,663.21		6,663.21	
Clean Communities Program	A-12	8,000.00		8,000.00	
Alcohol Education and Rehabilitation Fund	A-12	2,621.60		2,621.60	
Body Armor Grant	A-12	2,307.85		2,307.85	
ARP Firefighter Grant	A-12		36,000.00	36,000.00	

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - 2022 - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues (Continued)</u>					
Special Items of Revenue (Continued):					
Other Special Items:					
Beach Leases	A-6	\$ 77,490.00	\$	\$ 76,403.28	\$ (1,086.72)
NYNEX Lease for Mobile Telephone Cell Site	A-6	102,000.00		119,614.00	17,614.00
Reserve for Debt Service	A-6	10,000.00		10,000.00	
Sale of Municipal Assets	A-6	168,000.00		168,844.33	844.33
Total Miscellaneous Revenues	A-1	<u>2,703,572.66</u>	<u>36,000.00</u>	<u>3,114,817.57</u>	<u>375,244.91</u>
Receipts from Delinquent Taxes	A-1, 5	<u>15,000.00</u>		<u>17,636.02</u>	<u>2,636.02</u>
Subtotal General Revenues		<u>3,460,572.66</u>	<u>36,000.00</u>	<u>3,874,453.59</u>	<u>377,880.93</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>2,872,664.62</u>		<u>2,948,980.86</u>	<u>76,316.24</u>
Total General Revenues		<u>6,333,237.28</u>	<u>36,000.00</u>	<u>6,823,434.45</u>	<u>454,197.17</u>
Non-Budget Revenues	A-2			<u>39,567.08</u>	<u>39,567.08</u>
		<u>\$ 6,333,237.28</u>	<u>\$ 36,000.00</u>	<u>\$ 6,863,001.53</u>	<u>\$ 493,764.25</u>
Ref.	A-3		A-3		

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-2****STATEMENT OF REVENUES - 2022 - REGULATORY BASIS****Sheet 3 of 3**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 5,383,894.99
Allocated to:		
School and County Taxes	A-7, 8	<u>2,556,214.75</u>
Balance for Support of Municipal Budget		
Appropriations		2,827,680.24
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>121,300.62</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	<u>\$ 2,948,980.86</u>
 <u>Analysis of Non-Budget Revenue</u>		
Cable Franchise Fees		\$ 13,264.93
Pavilion Rentals		7,000.00
DMV Inspection Fines		4,650.00
DMV Inspection Fines		3,402.44
Off Duty PD Administrative Fees		3,172.50
Sanitation Pickup		3,014.67
Recycling		2,851.92
Finance Miscellaneous		<u>2,210.62</u>
		<u>\$ 39,567.08</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - 2022 - REGULATORY BASIS

Sheet 1 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>					
General Government					
Department of Public Safety					
Mayor's Office	\$ 1,750.00	\$ 1,750.00	\$ 1,750.00	\$	\$
Salaries and Wages					
Engineering Services and Costs					
Other Expenses	35,000.00	42,000.00	41,511.00	489.00	
Police Department					
Salaries and Wages	1,190,619.00	1,190,619.00	1,182,477.74	8,141.26	
Other Expenses	60,000.00	60,000.00	45,995.39	14,004.61	
Emergency Management Services					
Salaries and Wages	4,000.00	4,000.00	3,999.84	.16	
Other Expenses	600.00	600.00		600.00	
Fire					
Other Expenses	28,790.00	39,790.00	23,414.79	16,375.21	
Aid to Volunteer Ambulance Company					
Other Expenses	4,510.00	4,510.00	4,510.00		
Municipal Prosecutor					
Other Expenses	14,300.00	9,300.00	8,655.00	645.00	
Deal Lake Weed Control					
Other Expenses	4,500.00	4,500.00	2,750.00	1,750.00	
<u>Department of Revenue and Finance</u>					
Commissioners Office					
Salaries and Wages	1,500.00	1,500.00	1,500.00		
Municipal Clerk					
Salaries and Wages	170,250.00	170,250.00	164,576.15	5,673.85	
Other Expenses	44,000.00	44,000.00	34,811.70	9,188.30	
Elections					
Other Expenses	500.00	1,500.00	564.62	935.38	

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 2 of 7

STATEMENT OF EXPENDITURES - 2022 - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Financial Administration	\$ 49,600.00	\$ 49,600.00	\$ 49,600.00		\$
Salaries and Wages	15,000.00	13,000.00	10,787.72	2,212.28	
Other Expenses					
Audit Services	17,300.00	17,300.00	17,200.00	100.00	
Other Expenses					
Collection of Taxes	6,500.00	6,500.00	6,253.01	246.99	
Salaries and Wages	10,000.00	5,000.00	3,174.05	1,825.95	
Other Expenses					
Assessment of Taxes	8,500.00	8,500.00	8,364.00	136.00	
Salaries and Wages	5,300.00	5,300.00	3,348.42	1,951.58	
Other Expenses	25,000.00	8,000.00	3,521.50	4,478.50	
Other Expenses - Tax Appeals					
Legal Services and Costs	110,000.00	98,000.00	73,197.26	24,802.74	
Other Expenses					
Planning Board	15,000.00	15,250.00	15,250.00		
Salaries and Wages	35,700.00	19,100.00	14,222.30	4,877.70	
Other Expenses					
Insurance	92,200.00	75,200.00	74,503.24	696.76	
General Liability	99,000.00	99,300.00	99,163.00	137.00	
Workers' Compensation	745,000.00	765,000.00	708,730.39	56,269.61	
Employee Group Health	10,000.00	1,100.00	1,096.48	3.52	
Health Benefit Waiver					
<u>Public Works Functions</u>					
Solid Waste Collection	208,500.00	193,500.00	191,937.04	1,562.96	
Salaries and Wages	42,025.00	29,725.00	21,339.82	8,385.18	
Other Expenses					
<u>Health and Welfare</u>					
Board of Health	15,600.00	15,600.00	15,541.52	58.48	
Other Expenses					
Monmouth County Organization of Social Services	100.00	100.00		100.00	
(N.J.S. 40:13)					

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - 2022- REGULATORY BASIS

Sheet 3 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Beach Facilities					
Salaries and Wages	\$ 555,000.00	\$ 530,000.00	\$ 520,621.12	\$ 9,378.88	\$
Other Expenses	140,000.00	185,000.00	183,830.26	1,169.74	
<u>Department of Public Works, Parks and Public Property</u>					
Commissioners Office					
Salaries and Wages	1,500.00	1,500.00	1,350.00	150.00	
Streets and Road Maintenance					
Other Expenses	12,250.00	23,250.00	22,180.64	1,069.36	
Snow Removal					
Salaries and Wages	3,000.00	3,000.00	2,071.45	928.55	
Other Expenses	3,000.00	3,000.00	2,162.48	837.52	
Recycling					
Other Expenses	45,000.00	29,000.00	26,186.88	2,813.12	
<u>Public Property</u>					
Building and Grounds					
Other Expenses	53,500.00	43,500.00	33,412.57	10,087.43	
Maintenance of Motor Vehicles					
Other Expenses	50,000.00	70,000.00	61,163.78	8,836.22	
Parks and Playgrounds					
Other Expenses	14,500.00	14,500.00	13,000.95	1,499.05	
Celebration of Public Events					
Other Expenses	6,000.00	6,000.00	2,890.65	3,109.35	
Municipal Court					
Salaries and Wages	20,500.00	20,500.00	20,000.00	500.00	
Other Expenses	1,550.00	3,050.00	2,222.95	827.05	
Public Defender					
Other Expenses	2,000.00	2,000.00		2,000.00	
Animal Control					
Other Expenses	2,400.00	2,400.00	2,400.00		

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - 2022 - REGULATORY BASIS

Sheet 4 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Code Enforcement					
Salaries and Wages	\$ 20,500.00	\$ 20,500.00	\$ 20,000.00	\$ 500.00	\$
Other Expenses	22,000.00	39,000.00	37,117.94	1,882.06	
Bureau of Fire Safety					
Other Expenses		250.00	191.00	59.00	
<u>Unclassified</u>					
Utilities					
Electricity	30,750.00	30,750.00	19,180.66	11,569.34	
Street Lighting	29,750.00	29,750.00	19,571.11	10,178.89	
Telephone	37,000.00	37,000.00	35,058.91	1,941.09	
Natural Gas	10,250.00	10,250.00	10,201.67	48.33	
Water	28,700.00	62,700.00	53,935.39	8,764.61	
Gasoline	35,450.00	65,450.00	51,649.53	13,800.47	
Fire Hydrant Service	23,050.00	23,050.00	21,195.79	1,854.21	
Total Operations within Caps	4,218,294.00	4,254,794.00	3,995,341.71	259,452.29	
Detail:					
Salaries and Wages	2,268,719.00	2,220,069.00	2,190,846.83	29,222.17	
Other Expenses	1,949,575.00	2,034,725.00	1,804,494.88	230,230.12	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	138,319.00	138,319.00	138,319.00		
Social Security System (O.A.S.I.)	169,125.00	133,125.00	122,151.22	10,973.78	
Police and Firemen's Retirement System of NJ	285,459.00	285,459.00	285,459.00		
Unemployment Insurance	12,000.00	13,500.00	11,378.74	2,121.26	
Deferred Contribution Retirement Program	4,500.00	2,500.00	1,713.80	786.20	
Total Statutory Expenditures within Caps	609,403.00	572,903.00	559,021.76	13,881.24	
Total Appropriations within Caps	4,827,697.00	4,827,697.00	4,554,363.47	273,333.53	

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - 2022 - REGULATORY BASIS

Sheet 5 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
911 Emergency Services	\$ 1,200.00	\$ 1,200.00	\$ 7,087.50	\$ 1,200.00	\$
LOSAP Program	7,200.00	7,200.00		112.50	
Interlocal Municipal Service Agreements:					
Garbage and Trash Removal					
Salaries and Wages	136,694.00	136,694.00	136,694.00		
Other Expenses	41,113.00	41,113.00	41,113.00		
Fire					
Other Expenses	40,700.00	40,700.00	40,700.00		
LOSAP Program	8,700.00	8,700.00	8,662.50	37.50	
Equipment					
Township of Holmdel - Finance					
Borough of Bradley Beach - Municipal Court	46,125.00	46,125.00	46,125.00		
<u>Public and Private Programs Offset by Revenues</u>	51,000.00	51,000.00	50,979.60	20.40	
Clean Communities Grant	8,000.00	8,000.00	8,000.00		
Alcohol Education Rehabilitation Grant	2,621.60	2,621.60	2,621.60		
Body Armor Grant	2,307.85	2,307.85	2,307.85		
Drunk Driving Enforcement Fund	1,530.00	1,530.00	1,530.00		
ARP Firefighter Grant	36,000.00	36,000.00	36,000.00		
Recycling Tonnage Grant	6,663.21	6,663.21	6,663.21		
Matching Funds for Grants					
Total Operations excluded from Caps	<u>389,854.66</u>	<u>389,854.66</u>	<u>388,484.26</u>	<u>1,370.40</u>	
Detail:					
Salaries and Wages	136,694.00	136,694.00	136,694.00		
Other Expenses	<u>253,160.66</u>	<u>253,160.66</u>	<u>251,790.26</u>	<u>1,370.40</u>	

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - 2022 - REGULATORY BASIS

Sheet 6 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$	\$
Office Equipment	10,000.00	10,000.00		10,000.00	
Improvements to Public Buildings	15,000.00	15,000.00	1,876.76	13,123.24	
Police Equipment	25,000.00	25,000.00	15,337.20	9,662.80	
Beach Equipment and Improvements	40,000.00	40,000.00	19,000.00	21,000.00	
Public Works Equipment	95,000.00	95,000.00	81,970.00	13,030.00	
Police Vehicle	60,000.00	60,000.00	43,593.02	16,406.98	
Fire Equipment					
Total Capital Improvements excluded from Caps	<u>260,000.00</u>	<u>260,000.00</u>	<u>176,776.98</u>	<u>83,223.02</u>	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	360,000.00	360,000.00	360,000.00		3,594.07
Interest on Bonds	284,135.00	284,135.00	280,540.93		<u>3,594.07</u>
Total Municipal Debt Service excluded from Caps	<u>644,135.00</u>	<u>644,135.00</u>	<u>640,540.93</u>		
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Deferred Charges - Unfunded					
10-5,11-03	126,250.00	126,250.00	126,250.00		
Total General Appropriations excluded from Caps	<u>1,420,239.66</u>	<u>1,420,239.66</u>	<u>1,332,052.17</u>	<u>84,593.42</u>	<u>3,594.07</u>
Subtotal General Appropriations	6,247,936.66	6,247,936.66	5,886,415.64	357,926.95	3,594.07
Reserve for Uncollected Taxes	<u>121,300.62</u>	<u>121,300.62</u>	<u>121,300.62</u>		
Total General Appropriations	<u>\$ 6,369,237.28</u>	<u>\$ 6,369,237.28</u>	<u>\$ 6,007,716.26</u>	<u>\$ 357,926.95</u>	<u>\$ 3,594.07</u>
Ref.		A-1		A	A-1

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-3****STATEMENT OF EXPENDITURES - REGULATORY BASIS****Sheet 7 of 7**

	<u>Ref.</u>	<u>Budget After Modification</u>
Adopted Budget	A-2	\$ 6,333,237.28
Appropriation by 40A:4-87	A-2	36,000.00
	A-3	<u>\$ 6,369,237.28</u>
	<u>Ref.</u>	<u>Paid or Charged</u>
Disbursements	A-4	\$ 5,748,300.06
Interfund - Grant Fund	A-13	57,122.66
Special Emergency Authorizations:		
Reserve for Encumbrances	A-3	80,992.92
Reserve for Uncollected Taxes	A-2	121,300.62
		<u>\$ 6,007,716.26</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**TRUST FUNDS****Exhibit B****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2022 AND 2021**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 649.45	\$ 910.45
Change Fund		25.00	25.00
		<u>674.45</u>	<u>935.45</u>
<u>Other Trust</u>			
Cash	B-1	<u>227,060.50</u>	<u>225,183.75</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-5	<u>436,241.95</u>	<u>493,296.67</u>
		<u>\$ 663,976.90</u>	<u>\$ 719,415.87</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due to State of New Jersey	B-1	\$ 7.80	\$ 4.80
Reserve for Animal Control Trust Fund Expenditures	B-2	666.65	930.65
		<u>674.45</u>	<u>935.45</u>
<u>Other Trust</u>			
Reserve for Other Trust Fund Expenditures	B-3	<u>227,060.50</u>	<u>225,183.75</u>
		<u>227,060.50</u>	<u>225,183.75</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-5	<u>436,241.95</u>	<u>493,296.67</u>
		<u>\$ 663,976.90</u>	<u>\$ 719,415.87</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2022 AND 2021**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash	C-2	\$ 2,048,557.77	\$ 1,617,738.68
Grant Receivable	C-3	15,000.00	15,000.00
Interfund - Current Fund			135.00
Deferred Charges to Future Taxation:			
Funded	C-8	6,190,000.00	6,550,000.00
Unfunded	C-4	180,179.85	518,679.85
		<u>\$ 8,433,737.62</u>	<u>\$ 8,701,553.53</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-5	\$ 737,486.01	\$ 965,828.51
Unfunded	C-5	180,179.85	380,527.05
Reserve for Encumbrances	C-5	660,383.00	648,040.00
Reserve for Debt Service	C-3	606,030.30	112,499.51
Capital Improvement Fund	C-7	58,267.91	43,267.91
Serial Bonds	C-8	6,190,000.00	6,550,000.00
Reserve for Bench Deposits		500.00	500.00
Fund Balance	C-1	890.55	890.55
		<u>\$ 8,433,737.62</u>	<u>\$ 8,701,553.53</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$180,179.85 and \$518,679.85 (Schedule C-9).

STATEMENT OF FUND BALANCE - REGULATORY BASIS**Exhibit C-1**

	<u>Ref.</u>	
Balance December 31, 2022 and 2021	C	<u>\$ 890.55</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****Sheet 1 of 2****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2022 AND 2021**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-5	\$ 98,025.38	\$ 79,109.56
Interfund - Utility Capital Fund	D-4		12,822.81
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	25,132.96	13,504.44
Total Operating Fund		<u>123,158.34</u>	<u>105,436.81</u>
<u>Capital Fund</u>			
Cash	D-5	27,237.99	60.80
Fixed Capital	D-10	638,908.44	638,908.44
Fixed Capital Authorized and Uncompleted		126,000.00	126,000.00
Total Capital Fund		<u>792,146.43</u>	<u>764,969.24</u>
		<u>\$ 915,304.77</u>	<u>\$ 870,406.05</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	D-4,8	\$ 54,265.09	\$ 36,424.00
Utility Overpayments	D-5	2,892.09	1,506.48
		<u>57,157.18</u>	<u>37,930.48</u>
Reserve for Receivables		25,132.96	13,504.44
Fund Balance	D-1	40,868.20	54,001.89
Total Operating Fund		<u>123,158.34</u>	<u>105,436.81</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****Sheet 2 of 2****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2022 AND 2021**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
<u>Capital Fund</u>			
Interfunds:			
Utility Operating Fund	D-6	\$	\$ 12,822.81
Capital Improvement Fund	D-6	2,500.00	2,500.00
Deferred Reserve for Amortization	D-9	126,000.00	86,000.00
Reserve for Amortization	D-10	638,908.44	638,908.44
Improvement Authorizations:			
Funded	D-11	23,043.00	23,043.00
Unfunded	D-11	1,694.19	1,694.19
Fund Balance	D-1	.80	.80
Total Capital Fund		<u>792,146.43</u>	<u>764,969.24</u>
		<u>\$ 915,304.77</u>	<u>\$ 870,406.05</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$-0- and \$40,000 respectively (Schedule D-12).

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-1****COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2022 and 2021	<u>Ref.</u> D	\$ <u>.80</u>
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WATER-SEWER UTILITY OPERATING FUND**COMPARATIVE STATEMENT OF OPERATIONS AND****Exhibit D-2****CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated	D-3	\$ 51,000.00	\$ 30,000.00
Water and Sewer Rents	D-3	275,319.68	288,647.02
Non-Budget Revenue	D-3	3,135.50	3,008.58
Appropriations Reserves Balances Lapsed	D-8	36,411.13	34,440.99
Total Income		<u>365,866.31</u>	<u>356,096.59</u>
<u>Expenditures</u>			
Operating		288,000.00	288,000.00
Capital Improvements			15,000.00
Deferred Charges and Statutory Expenditures		40,000.00	4,000.00
Total Expenditures	D-4	<u>328,000.00</u>	<u>307,000.00</u>
Excess in Revenue		37,866.31	49,096.59
Fund Balance January 1	D	<u>54,001.89</u>	<u>34,905.30</u>
		91,868.20	84,001.89
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>51,000.00</u>	<u>30,000.00</u>
Fund Balance December 31	D	\$ <u>40,868.20</u>	\$ <u>54,001.89</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-2	\$ 51,000.00	\$ 51,000.00	\$
Rents - Water-Sewer	D-2,7	277,000.00	275,319.68	(1,680.32)
		<u>328,000.00</u>	<u>326,319.68</u>	<u>(1,680.32)</u>
Non-Budget Revenue	D-2,3		3,135.50	3,135.50
		<u>\$ 328,000.00</u>	<u>\$ 329,455.18</u>	<u>\$ 1,455.18</u>
	Ref.	D-4		

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - 2022 - REGULATORY BASIS

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating				
Salaries and Wages	\$ 88,000.00	\$ 88,000.00	\$ 71,866.03	\$ 16,133.97
Other Expenses	200,000.00	200,000.00	161,868.88	38,131.12
Capital Improvements				
Deficit in Capital Ordinance 05-11	40,000.00	40,000.00	40,000.00	
Total Water-Sewer Utility Appropriations	<u>\$ 328,000.00</u>	<u>\$ 328,000.00</u>	<u>\$ 273,734.91</u>	<u>\$ 54,265.09</u>
Ref.	D-2,3		D-5	D

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
REGULATORY BASIS
DECEMBER 31, 2022 AND 2021

Exhibit H

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
General Fixed Assets:		
Buildings and Building Improvements	\$ 3,330,774.00	\$ 3,330,774.00
Machinery and Equipment	<u>4,877,664.00</u>	<u>4,976,005.61</u>
	<u>\$ 8,208,438.00</u>	<u>\$ 8,306,779.61</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 8,208,438.00</u>	<u>\$ 8,306,779.61</u>

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Allenhurst, County of Monmouth, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

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

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

Animal Control Trust Fund - animal control license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes and receipts and disbursements for payroll withholdings.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned sewer collection system from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2022 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system.

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

GAAP does not require utilization of a general fixed asset account group.

Machinery and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings are presented at assessed valuation.

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

Utility Fixed Assets - Accounting for utility fund "fixed capital" remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

During 2022 and 2021 the following changes occurred in the fixed assets of the Borough:

	Balance				Balance
	Jan.1 , 2022		Additions	Deletions	Dec.31 , 2022
General Fixed Assets Account Group					
Buildings	\$ 3,330,774	\$		\$	\$ 3,330,774
Machinery and Equipment	4,976,006		176,016	274,358	4,877,664
Water-Sewer Utility Fund:					
Fixed Capital	638,908				638,908
Fixed Capital Authorized and Uncompleted	126,000				126,000
	<u>\$ 9,071,688</u>	\$	<u>176,016</u>	\$ <u>274,358</u>	\$ <u>8,973,346</u>

	Balance				Balance
	Jan.1 , 2021		Additions		Dec.31 , 2021
General Fixed Assets Account Group					
Buildings	\$ 3,330,774	\$		\$	\$ 3,330,774
Machinery and Equipment	4,832,949		143,057		4,976,006
Water-Sewer Utility Fund:					
Fixed Capital	638,908				638,908
Fixed Capital Authorized and Uncompleted	126,000				126,000
	<u>\$ 8,928,631</u>	\$	<u>-0-</u>	\$	<u>9,071,688</u>

D. Financial Statements

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Borough's deposits was \$4,650,219 and the bank balance amount was \$4,779,977. Of this amount \$250,001 was covered by federal depository insurance, a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$4,404,313. An amount of \$125,663 was on deposit in the name of various developers for escrow and is insured by Federal Depository Insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

At year-end, the Borough had no investment in the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Insured:		
FDIC	\$ 250,001	\$ 250,001
GUDPA	4,404,313	4,114,249
Various Escrows	<u>125,663</u>	<u>91,267</u>
	\$ <u>4,779,977</u>	\$ <u>4,455,517</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

On December 31, 2022 the Borough's outstanding long-term debt was as follows:

3.00% to 5.00% General Improvement Bonds issued for \$5,220,000 on February 1, 2018, installment maturities to January 15, 2038	\$ 4,300,000
4.00% to 5.00% General Improvement Bonds issued for \$1,200,000 on December 23, 2020, installment maturities to December 1, 2031	1,025,000
4.00% to 5.00% General Improvement Bonds issued for \$935,000 on December 31, 2021, installment maturities to December 1, 2031	<u>865,000</u>
	\$ <u>6,190,000</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 3. DEBT (CONTINUED)****A. Long-Term Debt (Continued)**

The bonds mature serially in installments to the year 2038. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 175,000	\$ 92,000
2024	390,000	259,700
2025	405,000	241,050
2026	425,000	221,650
2027	450,000	200,400
2028-2032	2,325,000	650,750
2033-2037	1,670,000	225,600
2038	350,000	10,500
	<u>\$ 6,190,000</u>	<u>\$ 1,901,650</u>

B. Short-Term Debt

On December 31, 2022, the Borough had no short-term debt.

C. Bonds and Notes Authorized but not Issued

At December 31 the Borough had authorized but not issued bonds and notes as follows:

	<u>2022</u>	<u>2021</u>
General Capital Fund	\$ 180,180	\$ 518,680
Water Utility Capital Fund	-0-	40,000

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2022 was 0.74%. The Borough's remaining borrowing power is 2.76%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 3. DEBT (CONTINUED)

E. Summary of Debt Service

During 2022 and 2021 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance</u> <u>Jan.1 , 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31 , 2022</u>	<u>Due in</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ <u>6,550,000</u>	\$ <u>-0--</u>	\$ <u>360,000</u>	\$ <u>6,190,000</u>	\$ <u>175,000</u>
	<u>Balance</u> <u>Jan.1 , 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31 , 2021</u>	<u>Due in</u> <u>One Year</u>
General Debt:					
Bond Anticipation Notes	\$ <u>1,160,000</u>		\$ <u>1,160,000</u>	\$	\$
Serial Bonds	<u>5,890,000</u>	<u>935,000</u>	<u>275,000</u>	<u>6,550,000</u>	<u>160,000</u>
	<u>\$ 7,050,000</u>	<u>\$ 935,000</u>	<u>\$ 1,435,000</u>	<u>\$ 6,550,000</u>	<u>\$ 160,000</u>

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 and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$123,085 and \$137,616 at December 31, 2022 and 2021, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

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 and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$123,085 and \$137,616 at December 31, 2022 and 2021, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	\$ 1,338,000	\$ 740,000
Water Utility Fund	16,000	51,000

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2022</u>	<u>2021</u>
Prepaid Taxes	\$ 123,833	\$ 124,060

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On October 1, 2000, the Borough authorized participation in the SHBP's post-retirement benefit program through Resolution Number 4. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2022 and 2021 were \$263,035 and 196,877, respectively, which equaled the required contributions for each year. There were approximately 18 and 17 retired participants eligible at December 31, 2022 and 2021, respectively.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 10. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance of Tax	\$ 20,673	\$ 12,033
Deferred	<u>12,033</u>	<u>12,033</u>
Tax Payable	\$ <u>8,640</u>	\$ <u>-0-</u>

NOTE 11. 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. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Monmouth County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2022:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$	\$
Grant	47,654	47,654
	<u>\$ 47,654</u>	<u>\$ 47,654</u>

Interfund balances remaining at year-end were primarily caused by the Grant Fund not having a separate bank account and temporary short-term advances between funds.

NOTE 13. SALE OF WATER PLANT

In 1993 the Borough sold the Municipal Water Plant and the Borough water consumers became customers of New Jersey American Water Company. Although the local municipal utility is legally called the Water-Sewer Utility all revenues generated are from sewer activities only.

NOTE 14. CONTINGENT LIABILITIES**State and Federal Financial Assistance**

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 financial assistance 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, 2022, the Borough estimates that no material liabilities will result from such audits.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 14. CONTINGENT LIABILITIES (CONTINUED)

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

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

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer firefighters and emergency service squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,050 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2002.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") – UNAUDITED
(CONTINUED)

Determination as to Eligibility - Each emergency service organization shall provide to the Borough Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Board of Commissioners for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Board of Commissioners as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)****Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of 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 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 the Plan 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.

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2022. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available which had a reporting date of June 30, 2019.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2021 were \$3,861,357,890 and \$14,138,423,345, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability

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

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System	
Through 2026	2.00% to 6.00%
Thereafter	3.00% to 7.00%
Police and Firemen's Retirement System	
Rate for all future years	3.25% to 15.25%

* - Salary Increases are based on years of service with the respective plan.

OPEB Obligation and OPEB Expense

The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2021 was \$-0-, the Borough's proportionate share was \$6,992,015.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2021, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.038388%, which was an increase of 0.000457% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$48,302 for the State's proportionate share of the OPEB expense attributable to the Borough. This OPEB credit was based on the OPEB plans June 30, 2021 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Obligation and OPEB Expense (Continued)

Certain actuarial assumptions used in the June 30, 2020 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.65% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 0.52% and 7.56%, respectively, trending to a 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	<u>At 1% Decrease (1.16%)</u>	<u>At Discount Rate (2.16%)</u>	<u>At 1% Increase (3.16%)</u>
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Borough	\$ 8,228,261	\$ 6,992,015	\$ 6,012,264
State of New Jersey's Total Nonemployer OPEB Liability	\$ 21,182,289,882	\$ 17,999,781,235	\$ 15,477,574,697

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)****Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate**

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Borough	\$ 5,833,695	\$ 6,992,015	\$ 8,503,479
State of New Jersey's Total Nonemployer OPEB Liability	\$ 15,017,879,689	\$ 17,999,781,235	\$ 21,890,793,528

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Collective Deferred Outflows of Resources	\$ 3,001,822,350	\$ 3,168,345,589
Collective Deferred Inflows of Resources	6,947,492,748	7,333,043,620
Collective Net Pension Liability	\$ 17,999,781,235	\$ 17,946,612,946
Borough's Portion	0.038845%	0.038388%

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	
2021	\$ (1,074,753,405)
2022	(1,076,167,210)
2023	(1,077,459,075)
2024	(769,416,743)
2025	(129,344,414)
Thereafter	<u>181,470,449</u>
	<u>\$ (3,945,670,398)</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)****Changes in Proportion**

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

Plan Membership

At June 30, 2020 and 2019, the Program membership consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Active Plan Members	\$ 64,243	\$ 63,488
Retirees Currently Receiving Benefits	<u>32,624</u>	<u>30,614</u>
Total Plan Members	\$ <u>96,867</u>	\$ <u>94,102</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	<u>2021</u>	<u>2020</u>
Service Cost	\$ 846,075,674	\$ 605,949,339
Interest Cost	413,837,061	497,444,533
Changes of Benefit Terms	2,029,119	1,055,527
Differences Between Expected and Actual Experiences	(1,564,654,436)	852,424,987
Changes of Assumptions	333,095,471	3,138,556,114
Contributions: Member	43,309,873	37,546,413
Gross Benefit Payments	<u>(509,642,373)</u>	<u>(466,218,997)</u>
Net Change in Total OPEB Liability	(435,949,611)	4,666,757,916
Total OPEB Liability (Beginning)	<u>18,486,002,498</u>	<u>13,819,244,582</u>
Total OPEB Liability (Ending)	\$ <u>18,050,052,887</u>	\$ <u>18,486,002,498</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS

The pension information presented in this notes is based upon the latest information provided by the State of New Jersey, Division of Pensions and Benefits.

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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Plan Description (Continued)

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (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 amounts presented in the 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. 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 fiscal year 2021 and 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, 2013 and will be adjusted by the rate of return on the actuarial value of assts. Borough contributions to PERS amounted to \$137,477 for 2021.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Components of Net Pension Liability - At December 31, 2021, the Borough's proportionate share of the PERS net pension liability is valued to be \$1,399,174. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Borough's proportion measured as of June 30, 2021, was .01181%, which was a decrease of .00076% from its proportion measured as of June 30, 2020.

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

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Actuarial Valuation Date (including roll forward)	July 1, 2021	July 1, 2020
Deferred Outflows of Resources	\$ 95,746	\$ 288,352
Deferred Inflows of Resources	1,158,211	1,092,452
Net Pension Liability	1,399,174	2,049,354
Borough's Portion of the Plan's Total		
Net Pension Liability	0.01181%	0.01257%

Pension Expense and Deferred Outflows/Inflows of Resources - Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2021, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2021 measurement date was a net credit of \$253,495. This credit 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 \$137,477 to the plan in 2021.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 17. PENSION OBLIGATIONS (CONTINUED)****A. Public Employees' Retirement System (PERS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,067	\$ 10,016
Changes of assumptions	7,287	498,115
Net difference between projected and actual earnings on pension plan investments		368,579
Changes in proportion	<u>66,392</u>	<u>281,501</u>
	\$ <u>95,746</u>	\$ <u>1,158,211</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

<u>Year Ending December 31</u>	<u>PERS</u>
2022	\$ (373,166)
2023	(278,744)
2024	(203,744)
2025	(163,837)
2026	<u>(42,974)</u>
	\$ <u>(1,062,465)</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2022****NOTE 17. PENSION OBLIGATIONS (CONTINUED)****A. Public Employees' Retirement System (PERS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience		
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
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	-
Differences between projected and actual investment 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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Differences between Authority 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

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

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Age
Thereafter	3.00 - 7.00% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2014 - June 30, 2018

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 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 PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

	<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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Municipal bond rates of 2.21% as of June 30, 2020 and 2.16% as of June 30, 2021 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020 the blended GASB discount rates are 7.00% as of June 30, 2020. As of June 30, 2021, based on the assumptions above, the pension Plan's fiduciary net position is expected to be sufficient to make all projected future benefit payments for current Plan members; therefore, the GASB discount rate as of June 30, 2021 is equal to the long-term rate of return of 7.00%.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Borough	\$ 1,910,788	\$ 1,399,174	\$ 964,998

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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.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 represent membership tiers for PFRS:

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Basis of Presentation - The schedules of employer and non-employer allocations and the schedules of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a non-employer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers, or the State. The amounts presented in the Schedule 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 2021, 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. Municipality contributions to PFRS amounted to \$247,137 for 2021.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2021, the Borough's proportionate share of the PFRS net pension liability is valued to be \$1,790,242. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Borough's proportion measured as of June 30, 2021, was .02449%, which was an increase of .00237% from its proportion measured as of June 30, 2020.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Net Pension Liability and Pension Expense (Continued)

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

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Actuarial Valuation Date (including roll forward)	July 1, 2021	July 1, 2020
Deferred Outflows of Resources	\$ 378,110	\$ 295,512
Deferred Inflows of Resources	1,958,681	1,354,411
Net Pension Liability	1,790,242	2,858,413
Borough's Portion of the Plan's Total		
Net Pension Liability	0.02449%	0.02212%

Pension Expense and Deferred Outflows/Inflows of Resources - 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 a net credit of \$260,970. This credit 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 \$247,137 to the plan in 2021. Pension Expense and Deferred Outflows/Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,424	\$ 214,453
Changes of assumptions	9,526	536,527
Net difference between projected and actual earnings on pension plan investments		762,880
Changes in proportion	348,160	444,821
	\$ <u>378,110</u>	\$ <u>1,958,681</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 17. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

<u>Year Ending December 31</u>	<u>PFRS</u>		
2022	\$ (494,388)		
2023	(375,930)		
2024	(325,318)		
2025	(321,071)		
2026	(57,393)		
Thereafter	(6,471)		
	<u>\$ (1,580,571)</u>		
		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference 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	5.9		-
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		-

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 17. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual investment 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 Authority 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

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.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2022****NOTE 17. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Special Funding Situation (Continued)**

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$503,305 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 June 30, 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 .02449%, which was an increase of .00237% from its proportion measured as of June 30, 2020, which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 1,790,242
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>503,305</u>
Total Net Pension Liability	<u>\$ 2,293,547</u>

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 \$56,076.

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:

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2022****NOTE 17. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Actuarial Assumptions (continued)**

	<u>PERS</u>
Inflation Rate:	
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
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2013 - June 30, 2018

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. 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, 2021 are summarized in the following table:

	<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 ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Municipal bond rates of 2.21% as of June 30, 2020 and 2.16% as of June 30, 2021 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020 the blended GASB discount rates are 7.00% as of June 30, 2020. As of June 30, 2021, based on the assumptions above, the pension Plan's fiduciary net position is expected to be sufficient to make all projected future benefit payments for current Plan members; therefore, the GASB discount rate as of June 30, 2021 is equal to the long-term rate of return of 7.00%.

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:

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Borough	\$ 2,979,478	\$ 1,790,242	\$ 800,331

C. Defined Contribution Retirement Program (DCRP)

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2022**NOTE 17. PENSION OBLIGATIONS (CONTINUED)****C. Defined Contribution Retirement Program (DCRP) (Continued)**

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

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

NOTE 18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2023, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2022:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
David J. McLaughlin	Mayor, Director of Public Affairs and Public Safety	
Christopher McLoughlin	Deputy Mayor, Director of Revenue and Finance	
Terrence Bolan - Until 7/1/22	Commissioner, Director of Public Works, Parks and Public Property	
Richard Cumiskey - from 8/9/22	Commissioner, Director of Public Works, Parks and Public Property	
Donna M. Campagna	Borough Clerk, Business Administrator, Water-Sewer Utility Collector, Officer for Searches for Municipal Improvements	(A)
Carla Tomas	Tax Collector, Tax Search Officer	(A)
David Laughlin	Attorney	
Paul J. Capotorto	Magistrate	(B)
Patricia Megill	Municipal Court Administrator	(B)
Kevin G. Rogers	Treasurer	(A)
Patricia Lynch	Deputy Borough Clerk	(A)
Noel Benkoil	Finance Clerk	(A)
Wayne Silbia	Chief Financial Officer	(B)
Gail Scaglione	Tax Assessor	(B)

(A) \$1,000,000 Blanket Bond with Monmouth County Joint Insurance Fund.

(B) \$200,000 each occurrence general liability policy with Monmouth County Joint Insurance Fund.

There was Public Employee Dishonesty, Forgery, Theft and Robbery surety coverage by the Monmouth Municipal Joint Insurance Fund at a limit of \$950,000 with an additional \$50,000 coverage provided by the Municipal Excess Liability Joint Insurance Fund.

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	\$ <u>.678</u>	\$ <u>.757</u>	\$ <u>.791</u>
Apportionment of Tax Rate			
Municipal	.359	.404	.430
County	.267	.306	.326
Local School District	.052	.047	.035
Assessed Valuation			
2022	\$ 800,999,177		
2021		\$ 703,307,191	
2020			\$ 653,152,349

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2022	\$ 5,433,792	\$ 5,383,895	99.08%
2021	5,326,057	5,302,453	99.56%
2020	5,170,223	5,098,838	98.62%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2022	\$ 51,503	\$ 51,503	.95%
2021	18,791	18,791	.35%
2020	49,919	49,919	.97%

COMPARISON OF WATER-SEWER RENTS LEVIED

<u>Year</u>	<u>Levy</u>	<u>Prior Year Balance</u>	<u>Cash Collection</u>
2022	\$ 286,948	\$ 13,504	\$ 275,320
2021	284,907	17,244	288,647
2020	284,360	13,448	280,564

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in in Budget Succeeding Year</u>
<u>Current Fund</u>		
2022	\$ 1,422,085	\$ 1,338,000
2021	1,243,258	740,000
2020	678,217	491,500
2019	612,690	360,000
2018	315,197	300,000
<u>Water-Sewer Utility Operating Fund</u>		
2022	\$ 40,868	\$ 16,000
2021	54,002	51,000
2020	34,905	30,000
2019	36,718	30,000
2018	58,577	37,500

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued</u>			
General			
Bonds and Notes	\$ <u>6,190,000</u>	\$ <u>6,550,000</u>	\$ <u>7,050,000</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	180,180	518,680	366,189
Water-Sewer Utility:			
Bonds and Notes	<u> </u>	<u>40,000</u>	<u>44,000</u>
Total Authorized but not Issued	<u>180,180</u>	<u>558,680</u>	<u>410,189</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>6,370,180</u>	\$ <u>7,108,680</u>	\$ <u>7,460,189</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 0.74 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ <u>6,370,180</u>	\$ <u>-0-</u>	\$ <u>6,370,180</u>

Net Debt \$6,370,180 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$866,959,594 = 0.74%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6

3.5% of Equalized Valuation Basis	\$ 30,343,586
Net Debt	<u>6,370,180</u>
Remaining Borrowing Power	\$ <u>23,973,406</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other	
Charges for the Year	\$ 329,455
Deductions:	
Operating and Maintenance Cost	<u>288,000</u>
Excess in Revenue	\$ <u>41,455</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-4****SCHEDULE OF CASH - TREASURER**

Balance December 31, 2021		\$ 2,428,518.07
Increased by Receipts:		
Taxes Receivable	\$ 5,264,210.41	
Revenue Accounts Receivable	3,057,694.91	
American Rescue Plan	25,277.46	
NJ Veterans and Senior Citizens	1,250.00	
Interfund - Grant Fund	29,833.66	
Miscellaneous Revenue not Anticipated	39,567.08	
Municipal Relief Fund	10,225.84	
Tax Overpayments	7,646.60	
Prepaid Taxes	123,833.40	
		<u>8,559,539.36</u>
		10,988,057.43
Decreased by Disbursements:		
Current Year Budget Appropriations	5,748,300.06	
Appropriation Reserves	281,361.67	
County Taxes Payable	2,136,103.64	
Local District School Tax	411,099.00	
Accounts Payable	118,661.46	
American Rescue Plan	27,190.98	
Interfunds:		
Other	135.00	
Grant Fund	9,799.49	
Tax Overpayment Refunds	6,718.18	
		<u>8,739,369.48</u>
Balance December 31, 2022		\$ <u><u>2,248,687.95</u></u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		2022 Levy	Added Amounts	Collections		Veterans and Senior Citizens	Cancelled	Balance Dec. 31, 2022
	Dec. 31, 2021				2022	2021			
2022	\$	18,791.20	\$ 5,433,791.89	\$ 1,606.13	\$ 5,258,334.56	\$ 124,060.43	\$ 1,500.00	\$ 1,155.18	\$ 51,503.03
2021					5,875.85	11,510.17	250.00		
	\$	18,791.20	\$ 5,433,791.89	\$ 1,606.13	\$ 5,264,210.41	\$ 135,570.60	\$ 1,750.00	\$ 1,155.18	\$ 51,503.03
<u>Analysis of 2022 Property Tax Yield and Tax Levy</u>									
Tax Yield:									
2022 Levy									
Added and Omitted Taxes									
							\$ 5,430,774.49		
							3,017.40		\$ 5,433,791.89
Tax Levy:									
Local District School Tax (Abstract)									
County Taxes:									
2022 Levy									
Added									
					\$ 2,135,285.80				
					1,189.95				
Local Tax for Municipal Purposes									
Add: Additional Tax Levied									
					2,872,664.62		2,136,475.75		
					4,912.52		2,877,577.14		\$ 5,433,791.89

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-6****SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Accrued in 2022</u>	<u>Realized</u>
Licenses:		
Alcoholic Beverages	\$ 720.00	\$ 720.00
Other	3,902.00	3,902.00
Fees and Permits	51,727.75	51,727.75
Interest and Costs on Taxes	12,489.98	12,489.98
Municipal Court Fines and Costs	88,952.98	88,952.98
Interest on Investments and Deposits	62,088.81	62,088.81
State Aid:		
Energy Receipts Tax (P.L. 1997, Chapter 162 and 167)	196,033.00	196,033.00
Beach Revenues	1,985,897.26	1,985,897.26
Fire and First Aid Services Borough of Interlaken and Village of Loch Arbour		
Fire & First Aid Services	62,012.50	62,012.50
Debt Service	41,202.02	41,202.02
Garbage and Trash Removal	177,807.00	177,807.00
Beach Leases	76,403.28	76,403.28
Reserve for Debt Service	10,000.00	10,000.00
NYNEX Lease for Mobile Telephone Cell Site	119,614.00	119,614.00
Sale of Municipal Assets	168,844.33	168,844.33
	<u>\$ 3,057,694.91</u>	<u>\$ 3,057,694.91</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-7****SCHEDULE OF COUNTY TAXES PAYABLE**

Balance December 31, 2021		\$	817.82
Increased by:			
2022 Levy:			
County Tax	\$ 1,772,365.69		
County Library Tax	133,205.17		
County Open Space Tax	229,714.94		
Added and Omitted Taxes	1,189.95		
Adjustment to Beginning Balance	.02		
			<u>2,136,475.77</u>
			<u>2,137,293.59</u>
Decreased by:			
Disbursed			<u>2,136,103.64</u>
Balance December 31, 2022		\$	<u>1,189.95</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE**Exhibit A-8**

Balance December 31, 2021			
School Tax Deferred		\$	12,032.50
Increased by:			
Levy - School Year July 1, 2021 to June 30, 2022			<u>419,739.00</u>
			<u>419,739.00</u>
Decreased by:			
Payments			<u>411,099.00</u>
Balance December 31, 2022			
School Tax Payable	8,640.00		
School Tax Deferred	12,032.50		
		\$	<u>20,672.50</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2021			\$ 334,666.74
Increased by:			
Reserve for Encumbrances			<u>266,987.60</u>
			601,654.34
Decreased by:			
Disbursed	\$ 281,361.67		
Accounts Payable	<u>21,975.68</u>		
			<u>303,337.35</u>
Balance December 31, 2022			\$ <u>298,316.99</u>

SCHEUDLE OF INTERFUNDS

Exhibit A-10

			General Capital Fund
Balance December 31, 2021 - Due To (Due From)			\$ <u>135.00</u>
Decreased by:			
Disbursed by Current Fund			\$ <u>135.00</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-11****SCHEDULE OF INTERFUND****GRANT FUND**

Balance December 31, 2021 - Due To		\$ 57,771.89
Increased by:		
Unappropriated Reserves Receipts		<u>29,833.66</u>
		87,605.55
Decreased by:		
Grant Disbursements	\$ 9,799.49	
Cancelled Appropriated Reserves	<u>30,151.82</u>	
		<u>39,951.31</u>
Balance December 31, 2022 - Due To		\$ <u><u>47,654.24</u></u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance</u>	<u>2022</u>	<u>Realized</u>	<u>Balance</u>
<u>2022 Grants:</u>	<u>Dec. 31, 2021</u>	<u>Budget</u>		<u>Dec. 31, 2022</u>
		<u>Revenue</u>		
Drunk Driving Enforcement Grant	\$	\$ 1,530.00	\$ 1,530.00	\$
Recycling Tonnage Grant		6,663.21	6,663.21	
Clean Communities Program		8,000.00	8,000.00	
Alcohol Education and Rehabilitation Fund		2,621.60	2,621.60	
Body Armor Grant		2,307.85	2,307.85	
ARP Firefighter Grant		36,000.00		36,000.00
2021 Grants:				
Body Worn Camera Grant	<u>24,456.00</u>			<u>24,456.00</u>
	\$ <u>24,456.00</u>	\$ <u>57,122.66</u>	\$ <u>21,122.66</u>	\$ <u>60,456.00</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2021</u>	<u>Transfer from 2022 Budget Appropriation</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2022</u>
2022 Grants:					
Drunk Driving Enforcement Grant	\$	\$ 1,530.00	\$	\$	\$ 1,530.00
Recycling Tonnage Grant		6,663.21			6,663.21
Clean Communities Program		8,000.00		8,000.00	
Alcohol Education and Rehabilitation Fund		2,621.60			2,621.60
Body Armor Grant		2,307.85			2,307.85
ARP Firefighter Grant		36,000.00			36,000.00
2021 Grants:					
Body Worn Camera Grant	1,651.00				1,651.00
Prior Year Grants:					
Alcohol Education/Rehabilitation Fund	5,566.95		1,250.00		4,316.95
Clean Communities Program	26,151.82		4,000.00	22,151.82	
Community Development Block Grant	4,000.00				4,000.00
Drunk Driving Enforcement Fund	12,155.54		2,236.37		9,919.17
Recycling Tonnage Grant	11,579.92		2,313.12		9,266.80
	<u>\$ 61,105.23</u>	<u>\$ 57,122.66</u>	<u>\$ 9,799.49</u>	<u>\$ 30,151.82</u>	<u>\$ 78,276.58</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Received</u>	<u>Utilized in</u> <u>2022 Budget</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
	\$ 1,530.00	\$	\$ 1,530.00	\$
Drunk Driving Enforcement Fund	6,663.21	20,233.00	6,663.21	20,233.00
Recycling Tonnage Grant	8,000.00	4,000.00	8,000.00	4,000.00
Clean Communities Program	2,621.60	3,790.38	2,621.60	3,790.38
Alcohol Education/Rehabilitation Fund	2,307.85	1,810.28	2,307.85	1,810.28
Body Armor				
	\$ 21,122.66	\$ 29,833.66	\$ 21,122.66	\$ 29,833.66

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2021	\$ 910.45	\$ 225,183.75
Increased by Receipts:		
Reserve for Animal Control Fee	\$ 615.00	
NJ State Fees	58.20	
Interfund - Current Fund		2,343.29
Miscellaneous Reserves		<u>3,188,927.59</u>
	<u>673.20</u>	<u>3,191,270.88</u>
	1,583.65	3,416,454.63
Decreased by Disbursements:		
Reserve for Animal Control Fees	879.00	
Interfund - Current Fund		2,343.29
NJ State Fees	55.20	
Miscellaneous Reserves		<u>3,187,050.84</u>
	<u>934.20</u>	<u>3,189,394.13</u>
Balance December 31, 2022	\$ 649.45	\$ 227,060.50

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**ANIMAL CONTROL TRUST FUND****Exhibit B-2****SCHEDULE OF RESERVE FOR ANIMAL CONTROL****TRUST FUND EXPENDITURES**

Balance December 31, 2021	\$ 930.65
Increased by:	
Receipts	<u>615.00</u>
	1,545.65
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>879.00</u>
Balance December 31, 2022	\$ <u>666.65</u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ <u>555.00</u>
2020	<u>405.65</u>
	\$ <u>960.65</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-3

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2021	Increases	Decreases	Balance Dec. 31, 2022
	\$	\$	\$	\$
Law Enforcement	2,358.00	130.39		2,488.39
Escrow	99,899.27	117,813.00	101,930.95	115,781.32
Donations	9,033.39	350.00	3,074.43	6,308.96
Marriage Licenses	100.00		25.00	75.00
Off-Duty Police	11,204.60			11,204.60
POAA	1,481.45	336.00		1,817.45
Public Defender	6,337.38	1,235.50		7,572.88
Recreation	41,089.26	35,989.00	41,097.06	35,981.20
Snow Trust	622.21			622.21
Benches	374.00	3,509.99	3,420.73	463.26
Other	1,278.48			1,278.48
Payroll	45,560.36	3,029,563.71	3,031,657.32	43,466.75
Redevelopment Escrow	5,845.35		5,845.35	
	\$ 225,183.75	\$ 3,188,927.59	\$ 3,187,050.84	\$ 227,060.50

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**OTHER TRUST FUND****Exhibit B-4****SCHEDULE OF INTERFUND - CURRENT FUND**

Increased by:		
Interest on Deposits	\$	2,343.29
Decreased by:		
Disbursements	\$	<u>2,343.29</u>

SCHEDULE OF RESERVE FOR LENGTH OF**SERVICE AWARDS PROGRAM (LOSAP)****Exhibit B-5****(UNAUDITED)**

Balance December 31, 2021		\$	493,296.67
Increased by:			
Borough Contributions to Trustee			<u>15,750.00</u>
			509,046.67
Decreased by:			
Loss on Contributions	\$	72,204.72	
Plan Administrative Fees		<u>600.00</u>	
			<u>72,804.72</u>
Balance December 31, 2022		\$	<u>436,241.95</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-2****SCHEDULE OF GENERAL CAPITAL CASH**

Balance December 31, 2021		\$ 1,617,738.68
Increased by Receipts:		
Capital Improvement Fund Budgeted	\$ 15,000.00	
Deferred Charges to Future Taxation Unfunded:		
Budgeted	126,250.00	
Grant Receipts Applied	212,250.00	
Reserve for Debt Service:		
Grant Receipts Applied	503,530.79	
Interfund - Current Fund	23,849.77	
		<u>880,880.56</u>
		2,498,619.24
Decreased by Disbursements:		
Improvement Authorizations	416,346.70	
Current Fund Anticipated Revenue		
Reserve for Debt Service	10,000.00	
Interfund - Current Fund	23,714.77	
		<u>450,061.47</u>
Balance December 31, 2022		<u><u>\$ 2,048,557.77</u></u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	Decreases	Balance Dec. 31, 2022	Analysis of Balance Unexpended Improvement Authorization
10-05	Beach Club Improvements	\$ 72,200.00	\$ 72,200.00	\$	
11-03	Beach Club Improvements	54,050.00	54,050.00		
11-12	Main Street Road Improvements - Phase II	185.00		185.00	185.00
11-14	Acquisition of Fire Department Equipment	3.85		3.85	3.85
18-14	Improvements to Cedar Avenue	81,000.00	81,000.00		
21-02	Improvements to Spier Ave	193,741.00	131,250.00	62,491.00	62,491.00
21-11	Borough Hall Handicap Access	55,000.00		55,000.00	55,000.00
21-13	Purchase of Fire Truck	62,500.00		62,500.00	62,500.00
		\$ 518,679.85	\$ 338,500.00	\$ 180,179.85	\$ 180,179.85
	Improvement Authorizations Unfunded				\$ 180,179.85

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2021		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2022	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
10-03	Acquisition of Public Works Equipment	2/23/2010	\$ 130,000.00	\$ 4,502.21	\$	\$	\$	4,502.21	\$
11-12	Main Street Road Improvements - Phase II	6/14/2011	175,000.00	4,189.13	185.00			4,189.13	185.00
11-14	Acquisition of Fire Department Equipment	10/11/2011	50,000.00	4,924.00	3.85			4,924.00	3.85
14-06	Beach Club and Borough Park Improvements	4/08/2014	200,000.00	1,199.65				1,199.65	
13-02, 14-10	Various Capital Improvements	3/12/2013	5,000,000.00						
		8/12/2014	1,000,000.00	1,007.10				1,007.10	
15-04	Improvements to Municipal Building and Computer Equipment	2/24/2015	100,000.00	1,217.62				1,217.62	
15-05	Acquisition of Public Works Equipment	2/24/2015	350,000.00	135.09				135.09	
15-06	Allen Avenue Park Improvements	3/10/2015	340,000.00	11,858.56				11,858.56	
15-11	Allenhurst Beach Club and Park Improvements		600,000.00	32,962.48			32,962.48		
16-01	Allen Avenue Road Improvements	2/23/2016	350,000.00	16,802.06				16,802.06	
16-02	Allenhurst Beach Club Improvements	2/23/2016	500,000.00						
17-13	Improvements to Railroad Plaza Park	9/26/2017	400,000.00	58,855.38				58,855.38	
18-14	Improvements to Cedar Avenue	11/27/2028	500,000.00		69,097.20		2,288.75	66,808.45	
18-15	Various Capital Improvements	11/27/2028	500,000.00				13,523.97	112,617.46	
20-14	Improvements to Ocean Place	9/08/2020	400,000.00				73,803.00	232,845.55	
21-02	Improvements to Spier Ave				193,741.00		279,114.38	68,828.37	62,491.00
21-11	Borough Hall Handicap Access				55,000.00		10,894.85	128,337.65	55,000.00
21-13	Purchase of Fire Truck				62,500.00		664,142.27	23,357.73	62,500.00
				\$ 965,828.51	\$ 380,527.05	\$ 648,040.00	\$ 1,076,729.70	\$ 737,486.01	\$ 180,179.85
	Disbursements						\$ 416,346.70		
	Reserve for Encumbrances						660,383.00		
							\$ 1,076,729.70		

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-6****SCHEDULE OF INTERFUND - CURRENT FUND**

Balance December 31, 2021 - Due From		\$	135.00
Increased by:			
Interfund Liquidations			<u>23,714.77</u>
			23,849.77
Decreased by:			
Receipts:			
Interfund Liquidations	\$	135.00	
Anticipated As Current Fund Revenue			
Interest on Deposits		<u>23,714.77</u>	
			\$ <u><u>23,849.77</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND**Exhibit C-7**

Balance December 31, 2021	\$	43,267.91
Increased by:		
2022 Budget Appropriation		<u>15,000.00</u>
Balance December 31, 2022	\$	<u><u>58,267.91</u></u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Outstanding Dec. 31, 2022	Amount				
General Improvements	2/01/2018	\$ 5,220,000.00	1/15/24	\$ 205,000.00	5.00%			
			1/15/25	220,000.00	5.00%			
			1/15/26	230,000.00	5.00%			
			1/15/27	240,000.00	5.00%			
			1/15/28	250,000.00	5.00%			
			1/15/29	265,000.00	5.00%			
			1/15/30	280,000.00	4.00%			
			1/15/31	290,000.00	4.00%			
			1/15/32	300,000.00	4.00%			
			1/15/33	310,000.00	4.00%			
			1/15/34	325,000.00	4.00%			
			1/15/35	340,000.00	4.00%			
			1/15/36	345,000.00	3.00%			
			1/15/37	350,000.00	3.00%			
			1/15/38	350,000.00	3.00%	\$ 4,500,000.00	\$ 200,000.00	\$ 4,300,000.00
			12/1/23	95,000.00	5.00%			
			12/1/24	100,000.00	5.00%			
			MCIA Revenue Bond	12/30/2021	935,000.00	12/1/25	100,000.00	5.00%
12/1/26	105,000.00	5.00%						
12/1/27	115,000.00	5.00%						
12/1/28	120,000.00	5.00%						
12/1/29	125,000.00	5.00%						
12/1/30	130,000.00	5.00%						
12/1/31	135,000.00	5.00%				1,115,000.00	90,000.00	1,025,000.00
12/1/23	80,000.00	4.00%						
12/1/24	85,000.00	4.00%						
12/1/25	85,000.00	4.00%						
12/1/26	90,000.00	5.00%						
12/1/27	95,000.00	5.00%						
12/1/28	100,000.00	5.00%						
12/1/29	105,000.00	5.00%						
12/1/30	110,000.00	5.00%						
12/1/31	115,000.00	5.00%	935,000.00	70,000.00	865,000.00			
						\$ 6,550,000.00	\$ 360,000.00	\$ 6,190,000.00

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	Decreases	Balance Dec. 31, 2022
10-05	Beach Club Improvements	\$ 72,200.00	\$ 72,200.00	\$
11-03	Beach Club Improvements	54,050.00	54,050.00	
11-12	Main Street Road Improvements - Phase II	185.00		185.00
11-14	Acquisition of Fire Department Equipment	3.85		3.85
18-14	Improvements to Cedar Avenue	81,000.00	81,000.00	
21-02	Improvements to Spier Ave	193,741.00	131,250.00	62,491.00
21-11	Borough Hall Handicap Access	55,000.00		55,000.00
21-13	Purchase of Fire Truck	62,500.00		62,500.00
		<u>\$ 518,679.85</u>	<u>\$ 338,500.00</u>	<u>\$ 180,179.85</u>
	Budget Appropriations		\$ 126,250.00	
	Grant Receipts Applied		<u>212,250.00</u>	
			<u>\$ 338,500.00</u>	

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER-SEWER UTILITY FUND - CASH

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	\$ 79,109.56	\$ 60.80
Increased by Receipts:		
Budget Appropriations		
Consumer Accounts Receivable	\$ 273,813.20	\$ 40,000.00
Overpayments	2,892.09	
Interfunds:		
Water-Sewer Utility Capital Fund	12,822.81	
Water-Sewer Utility Operating Fund		287.10
Miscellaneous Revenue	<u>3,135.50</u>	
	292,663.60	<u>40,287.10</u>
	<u>371,773.16</u>	<u>40,347.90</u>
Decreased by Disbursements:		
Budget Appropriations	273,734.91	
Appropriation Reserves	12.87	
Interfunds:		
Water-Sewer Utility Operating Fund		<u>13,109.91</u>
	<u>273,747.78</u>	<u>13,109.91</u>
Balance December 31, 2022	<u>\$ 98,025.38</u>	<u>\$ 27,237.99</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF CAPITAL CASH

	Balance	Receipts	Disbursements	Balance
	Dec. 31, 2021	Miscellaneous	Miscellaneous	Dec. 31, 2022
Fund Balance	\$.80	\$	\$	\$.80
Capital Improvement Fund	2,500.00			2,500.00
Interfunds:				
Water-Sewer Utility Operating Fund	12,822.81	287.10	13,109.91	
Improvement Authorizations:				
Ordinance				
Number				
05-11	(38,305.81)	40,000.00		1,694.19
20-15	23,043.00			23,043.00
	\$ 60.80	\$ 40,287.10	\$ 13,109.91	\$ 27,237.99

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND****Exhibit D-7****SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2021			\$ 13,504.44
Increased by:			
Water-Sewer Levy			<u>286,948.20</u>
			300,452.64
Decreased by:			
Receipts	\$ 273,813.20		
Overpayments Applied	<u>1,506.48</u>		
			<u>275,319.68</u>
Balance December 31, 2022			\$ <u>25,132.96</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-8

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2021</u>	<u>Balance After Transfers</u>	<u>Expended</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 6,694.19	\$ 6,694.19		\$ 6,694.19
Other Expenses	14,729.81	14,729.81	12.87	14,716.94
Capital Improvements				
Capital Outlay	<u>15,000.00</u>	<u>15,000.00</u>		<u>15,000.00</u>
	<u>\$ 36,424.00</u>	<u>\$ 36,424.00</u>	<u>\$ 12.87</u>	<u>\$ 36,411.13</u>

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

Balance December 31, 2021	\$ 86,000.00
Increased by:	
Budget Appropriation	<u>40,000.00</u>
Balance December 31, 2022	<u>\$ 126,000.00</u>

SCHEDULE OF FIXED CAPITAL**Exhibit D-10**

<u>Improvement Description</u>	<u>Balance Dec. 31, 2022 and 2021</u>
Miscellaneous Land Capital	\$ 15,200.00
Meters, Meter Boxes and Vaults	3,700.32
Machinery and Sewer Improvements	49,245.98
Tractor and Bulldozer	1,578.00
Sewer System Connections to Loch Arbour	61,592.52
Improvements to Sewer System	274,545.41
Computer Equipment	29,870.39
Air Compressor	7,483.20
Storm Sewer System	76,499.71
Sewer Improvements on Allen Avenue	20,000.00
Sanitary Sewer System Repairs	<u>99,192.91</u>
	<u>\$ 638,908.44</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-11

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance	
		Date	Amount	Dec. 31, 2022 & 2021	Unfunded
05-11	Sewer System Improvements	10/11/2005	\$ 100,000.00		\$ 1,694.19
20-15	Sewer System Improvements	09/22/2020	26,000.00	23,043.00	
				<u>\$ 23,043.00</u>	<u>\$ 1,694.19</u>

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-12****SCHEDULE OF BONDS AND NOTES AUTHORIZED****BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2021</u>	<u>Decreases</u>
<u>05-11</u>	<u>Sewer System Improvements</u>	<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2022

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

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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 Allenhurst
County of Monmouth
Allenhurst, New Jersey 07711

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 28, 2023, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Robert A. Hulsart and Company
Independent Auditors

June 28, 2023

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

An audit of the financial accounts and transactions of the Borough of Allenhurst, in the County of Monmouth, for the year ended December 31, 2022, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

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

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

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

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

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any material or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c.40A:11-2), except by contract or agreement". Effective July 1, 2020, the public contracts law was amended to change the bid threshold to \$44,000.00 if there is a certified purchasing agent. Effective July 1, 2020, if there is no Qualified Purchasing Agent the bid threshold remained at \$17,500.00 and \$2,625.00 for quotes. If there is a qualified purchasing agent the quote threshold was increased to \$6,600.00

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit 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:11-4.

N.J.S. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable."

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a (Continued)

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Delinquent Water-Sewer Rents

N.J.S. 54:4-67, as amended, 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 11, 2022 adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

1. The Tax collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after 10 days from the due date.
2. The Tax Collector is hereby authorized to charge a 6% penalty for a delinquency over \$10,000 if not paid prior to the end of the calendar year.

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

The governing body adopted a resolution authorizing interest to be charged on delinquent utility charges as follows:

BE IT RESOLVED, that upon the recommendation of the Borough Sewer Collector, interest at the rate of eight per centum (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen per centum (18%) per annum on any amount in excess of \$1,500.00 be charged on the first quarterly installment of sewer charges for the year 2022 after February 1, 2022 and on the second quarterly installment after May 1, 2022 and on the third quarterly installment after August 1, 2022 and on the fourth quarterly installment after November 1, 2022 provided that no interest shall be charged if payment of any installment is made within the thirtieth calendar day following the date upon which the same became payable and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency as provided for in NJSA 54:4-67; and,

BE IT FURTHER RESOLVED, as to tax sale certificates, the Sewer Collector is hereby directed to collect 2% when the sewer charges, interest and costs shall exceed the sum of \$200.00. When the sewer charges, interest and costs shall exceed the sum of \$5,000.00, such additional sum shall be equal to 4% of such amount paid; and when that sum exceeds \$10,000.00, such additional sum shall be equal to 6% of such amount paid as provided for in NJSA 54:5-61 and shall become effective immediately.

Delinquent Taxes and Tax Title Liens

The Borough did have a tax sale on December 27, 2022.

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

The Borough did not have any tax title liens for the year ended December 31, 2022.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Tax	5
Delinquent Water- Sewer	5

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

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Local School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2022.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

There were no prior year findings

FINDINGS/RECOMMENDATIONS

There were no findings and recommendations.

ACKNOWLEDGEMENT

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

The foregoing comments and resultant recommendation are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendation, or should you desire assistance in implementing our recommendation, please contact us at your earliest opportunity.

* * * * *