

**CITY OF CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2018**

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CITY OF CAPE MAY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED
DECEMBER 31, 2018



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Cape May
County of Cape May, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Cape May, as of December 31, 2018 and 2017, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Cape May as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 20 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$291,683.10 and \$290,139.95 for 2018 and 2017 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cape May’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by the Uniform Guidance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2019 on our consideration of the City of Cape May's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cape May's internal control over financial reporting and compliance.

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

Leon P. Costello

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

August 5, 2019

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**EXHIBIT - A
CURRENT FUND**

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

| <u>ASSETS</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|---------------|
| Regular Fund: | | |
| Cash: | | |
| Treasurer | \$ 8,098,453.20 | 9,270,119.94 |
| Petty Cash and Change Funds | 950.00 | 950.00 |
| Total Cash | 8,099,403.20 | 9,271,069.94 |
| Receivables and Other Assets with Full Reserves: | | |
| Delinquent Property Taxes Receivable | 247,879.00 | 314,118.19 |
| Tax Title and Other Liens | 196,305.21 | 8,194.99 |
| Property Acquired for Taxes - at Assessed Valuation | 83,316.00 | 83,316.00 |
| Revenue Accounts Receivable | 8,777.95 | 5,325.83 |
| Due from State: | | |
| Chapter 20 P.L. 1971 | 17,275.82 | 12,130.31 |
| Interfund Receivable: | | |
| TTL Premium | 7.59 | 2.84 |
| Animal Control | 694.67 | 1,201.01 |
| Utility Operating | - | 645.25 |
| Federal and State Grant Funds | 116,471.38 | 438,182.36 |
| Total Receivables and Other Assets | 670,727.62 | 863,116.78 |
| Total Regular Fund | 8,770,130.82 | 10,134,186.72 |
| Federal and State Grant Fund: | | |
| Cash | 450,286.89 | 450,286.89 |
| Federal and State Grants Receivable | 3,285,987.78 | 3,141,568.03 |
| Revolving Loan Receivable | 600,000.00 | 600,000.00 |
| Total Federal and State Grant Fund | 4,336,274.67 | 4,191,854.92 |
| Total Current Fund | \$ 13,106,405.49 | 14,326,041.64 |

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

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|---------------|
| Regular Fund: | | |
| Liabilities: | | |
| Appropriation Reserves | \$ 1,256,555.02 | 1,386,116.71 |
| Reserve for Encumbrances/Accounts Payable | 363,575.24 | 571,543.58 |
| Prepaid Taxes | 619,547.38 | 2,424,055.21 |
| Overpaid Taxes | 16,442.36 | 3,984.34 |
| County Added Tax Payable | 36,954.93 | 52,794.30 |
| Regional School Tax (Overpaid) | (0.07) | (0.07) |
| Due to State: | | |
| Marriage Licenses | 475.00 | 525.00 |
| DCA Training Fees | 4,542.00 | 15,158.00 |
| Interfund Payable: | | |
| Trusts Other | - | 357.75 |
| General Capital | 25,000.00 | - |
| Other: | | |
| Payroll Taxes Payable | - | 30,201.13 |
| Tax Title Lien Exchange | 1,482.58 | 1,482.58 |
| Reserve for Section 8 | 16,394.81 | 16,394.81 |
| Reserve for Codification of Ordinances | 353.16 | 353.16 |
| Reserve for Purchase of Ambulance | 160.71 | 160.71 |
| Reserve for Payment of Bonds and Coupons | 15,080.51 | 15,080.51 |
| Reserve for Escrow Deposits | 167,121.41 | 133,806.76 |
| Reserve for State Tax Appeal | 4,558.48 | 4,558.48 |
| Reserve for Revaluation | 48,455.00 | 48,455.00 |
| Reserve for Master Plan | 27,744.12 | 27,744.12 |
| | 2,604,442.64 | 4,732,772.08 |
| Reserve for Receivables and Other Assets | 653,451.80 | 850,986.47 |
| Fund Balance | 5,512,236.38 | 4,550,428.17 |
| Total Regular Fund | 8,770,130.82 | 10,134,186.72 |
| Federal and State Grant Fund: | | |
| Unappropriated Reserves | 12,990.90 | 28,256.32 |
| Appropriated Reserves | 3,512,484.77 | 3,092,624.88 |
| Reserve for Encumbrances/Accounts Payable | 49,327.62 | 32,791.36 |
| Due to Current Fund | 116,471.38 | 438,182.36 |
| Due to General Capital Fund | 45,000.00 | - |
| Reserve for Revolving Loans Receivable | 600,000.00 | 600,000.00 |
| Total Federal and State Grant Fund | 4,336,274.67 | 4,191,854.92 |
| Total Current Fund | \$ 13,106,405.49 | 14,326,041.64 |

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

| | 2018 | 2017 |
|---|-----------------|--------------|
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | - | - |
| Total Adjustments | - | - |
| Statutory Excess to Fund Balance | 3,781,808.21 | 3,098,270.87 |
| Fund Balance January 1 | 4,550,428.17 | 3,752,157.30 |
| | 8,332,236.38 | 6,850,428.17 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | 2,820,000.00 | 2,300,000.00 |
| Fund Balance December 31 | \$ 5,512,236.38 | 4,550,428.17 |

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | Anticipated N.J.S. 40A:4-87 | Realized | Excess or (Deficit) |
|--|---------------------|--------------------------------|---------------------|------------------------|
| Fund Balance Anticipated | \$ 2,820,000.00 | | 2,820,000.00 | - |
| Total Fund Balance Anticipated | <u>2,820,000.00</u> | <u>-</u> | <u>2,820,000.00</u> | <u>-</u> |
| Miscellaneous Revenues: | | | | |
| Section A: Local Revenues | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 55,000.00 | | 55,940.00 | 940.00 |
| Other | 315,000.00 | | 317,912.80 | 2,912.80 |
| Fees and Permits | 175,000.00 | | 190,703.68 | 15,703.68 |
| Fines and Costs: | | | | |
| Municipal Court | 200,000.00 | | 193,940.27 | (6,059.73) |
| Interest and Costs on Taxes | 53,000.00 | | 52,776.65 | (223.35) |
| Interest Earned on Investments | 4,000.00 | | 6,730.26 | 2,730.26 |
| Parking Meters | 1,030,000.00 | | 1,184,904.76 | 154,904.76 |
| Hotel Room Tax | 1,067,650.00 | | 1,263,554.24 | 195,904.24 |
| Lease and Rent Contracts | 450,000.00 | | 533,393.81 | 83,393.81 |
| T.V. Cable Receipts | 40,000.00 | | 44,057.87 | 4,057.87 |
| Victorian Towers - In Lieu of Taxes | 179,111.00 | | 181,161.77 | 2,050.77 |
| Emergency Medical Services | 310,000.00 | | 363,140.08 | 53,140.08 |
| Total Section A: Local Revenues | <u>3,878,761.00</u> | <u>-</u> | <u>4,388,216.19</u> | <u>509,455.19</u> |
| Section B: State Aid Without Offsetting Appropriations | | | | |
| Energy Receipts Tax | 337,632.00 | | 337,632.00 | - |
| Total Section B: State Aid Without Offsetting Appropriations | <u>337,632.00</u> | <u>-</u> | <u>337,632.00</u> | <u>-</u> |
| Section C: Uniform Construction Code Fees | | | | |
| Uniform Construction Code Fees | 475,000.00 | | 599,334.00 | 124,334.00 |
| Total Section C: Uniform Construction Code Fees | <u>475,000.00</u> | <u>-</u> | <u>599,334.00</u> | <u>124,334.00</u> |
| Section D: Interlocal Municipal Service Agreements | | | | |
| Interlocal Agreement with West Cape May (Police Protection) | 486,230.00 | | 486,230.76 | 0.76 |
| Interlocal Agreement with Cape May Point (Police Protection) | 293,837.00 | | 293,837.00 | - |
| Total Section D: Interlocal Municipal Service Agreements | <u>780,067.00</u> | <u>-</u> | <u>780,067.76</u> | <u>0.76</u> |

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Anticipated | | Realized | Excess or (Deficit) |
|---|----------------------|-------------------|----------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | | |
| Section F: Special Items - Public and Private Programs | | | | |
| Off-Set with Appropriations | | | | |
| N.J. Transportation Trust Fund Authority Act | 156,000.00 | | 156,000.00 | - |
| Recycling Tonnage | 16,568.42 | | 16,568.42 | - |
| Small Cities Grant | 400,000.00 | | 400,000.00 | - |
| Bureau of Housing Inspection | 9,341.00 | | 9,341.00 | - |
| 2017 Emergency Management-EMAA Grant | | 10,000.00 | 10,000.00 | - |
| WWI Centennial Memorials Grant | | 2,000.00 | 2,000.00 | - |
| Clean Communities | | 18,135.15 | 18,135.15 | - |
| US Dept HUD - CDBG - Conv Hall Annex Streetscape | | 253,000.00 | 253,000.00 | - |
| USDA - Rural Development - Public Address/Early Warning System | | 35,600.00 | 35,600.00 | - |
| Cops in Shops | | 3,960.00 | 3,960.00 | - |
| Total Section F: Special Items - Public and Private Programs | 581,909.42 | 322,695.15 | 904,604.57 | - |
| Off-Set with Appropriations | | | | |
| Section G: Other Special Items | | | | |
| Uniform Fire Safety Act | 165,000.00 | | 197,817.92 | 32,817.92 |
| Water & Sewer Utility Contribution to Street Improvements | 50,000.00 | | 50,000.00 | - |
| Reserve to Pay Debt Service | 150,000.00 | | 150,000.00 | - |
| Total Section G: Other Special Items | 365,000.00 | - | 397,817.92 | 32,817.92 |
| Total Miscellaneous Revenues: | 6,418,369.42 | 322,695.15 | 7,407,672.44 | 666,607.87 |
| Receipts from Delinquent Taxes | 170,000.00 | | 232,927.05 | 62,927.05 |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | | |
| Local Tax for Municipal Purposes | 9,950,473.52 | | 10,901,992.60 | 951,519.08 |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | 9,950,473.52 | - | 10,901,992.60 | 951,519.08 |
| Budget Totals | 19,358,842.94 | 322,695.15 | 21,362,592.09 | 1,681,054.00 |
| Non- Budget Revenues: | | | | |
| Other Non- Budget Revenues: | | | 184,407.90 | 184,407.90 |
| | \$ | 322,695.15 | 21,546,999.99 | 1,865,461.90 |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 26,262,619.77

Less: Reserve for Tax Appeals Pending -

Net Revenue from Collections 26,262,619.77

Allocated to:

School, County and Other Taxes 16,450,547.06

Balance for Support of Municipal Budget Appropriations 9,812,072.71

Increased by:

Appropriation "Reserved for Uncollected Taxes" 1,089,919.89

Amount for Support of Municipal Budget Appropriations 10,901,992.60

Receipts from Delinquent Taxes:

Delinquent Tax Collection 232,927.05

Total Receipts from Delinquent Taxes 232,927.05

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

| | |
|--------------------------------|-----------|
| Accident Report | 785.30 |
| Clerk's office | 5,499.90 |
| Copy Machines | 3,926.94 |
| GIS | 17,195.00 |
| Parking Fees | 9,775.00 |
| Sale of Municipal Assets | 63,119.67 |
| Restitution | 40.00 |
| Death Certs | 5,314.18 |
| PILOTS | 10,247.50 |
| NSF Fees | 780.00 |
| Recycling Rebate | 20,510.87 |
| Shade Tree | 6,460.00 |
| Marriage Ceremony/Fees | 21,700.00 |
| JIF | 4,866.50 |
| 2% Admin Fee & Homestead Admin | 1,043.62 |
| Cape May Pt - Court | 6,865.78 |
| Dog Excess Revenue | 694.67 |
| Stale Dated Checks | 3,997.97 |
| Miscellaneous | 1,585.00 |

Total Miscellaneous Revenue Not Anticipated: 184,407.90

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|----------------|----------------------------|-----------------|------------|------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS" | | | | | | |
| GENERAL GOVERNMENT: | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | \$ 110,000.00 | 110,000.00 | 95,881.13 | | 14,118.87 | - |
| Other Expenses | 93,550.00 | 93,550.00 | 69,289.86 | 4,660.00 | 19,600.14 | - |
| Mayor and Council | | | | | | |
| Salaries and Wages | 58,000.00 | 58,000.00 | 43,725.02 | | 14,274.98 | - |
| Other Expenses | 7,275.00 | 7,275.00 | 5,739.61 | 618.00 | 917.39 | - |
| City Clerk | | | | | | |
| Salaries and Wages | 158,000.00 | 158,000.00 | 152,871.96 | | 5,128.04 | - |
| Other Expenses | 18,475.00 | 20,475.00 | 17,758.67 | 2,100.00 | 616.33 | - |
| Financial Administration | | | | | | |
| Salaries and Wages | 154,000.00 | 154,000.00 | 138,783.05 | | 15,216.95 | - |
| Other Expenses | 14,950.00 | 16,950.00 | 14,940.22 | 947.90 | 1,061.88 | - |
| Audit Services | | | | | | |
| Other Expenses | 28,000.00 | 28,000.00 | 28,000.00 | | - | - |
| Assessment of Taxes | | | | | | |
| Salaries and Wages | 80,000.00 | 80,000.00 | 77,320.58 | | 2,679.42 | - |
| Other Expenses | 15,150.00 | 17,150.00 | 15,291.10 | 277.48 | 1,581.42 | - |
| Collection of Taxes | | | | | | |
| Salaries and Wages | 78,000.00 | 78,000.00 | 61,092.18 | | 16,907.82 | - |
| Other Expenses | 9,240.00 | 9,240.00 | 5,703.49 | | 3,536.51 | - |
| Legal Services | | | | | | |
| Other Expenses | | | | | | |
| Miscellaneous Other Expenses | 710,000.00 | 750,000.00 | 732,517.04 | | 17,482.96 | - |
| Engineering & Planning Services | | | | | | |
| Other Expenses | 25,000.00 | 29,000.00 | 21,044.81 | 3,031.00 | 4,924.19 | - |
| Economic Development | | | | | | |
| Other Expenses | 15,000.00 | 15,000.00 | 5,000.00 | | 10,000.00 | - |
| Emergency Medical Services - Collection | | | | | | |
| Contractual Expenses | 18,000.00 | 18,000.00 | 14,839.61 | | 3,160.39 | - |
| INSURANCE | | | | | | |
| General Liability | | | | | | |
| Workers Compensation | 315,000.00 | 226,000.00 | 188,548.86 | | 37,451.14 | - |
| Employee Group Health | 360,000.00 | 360,000.00 | 318,433.54 | | 41,566.46 | - |
| Employee Group Health Waiver | 2,157,120.00 | 2,107,120.00 | 1,812,736.32 | | 294,383.68 | - |
| Salaries and Wages | 55,000.00 | 55,000.00 | | | 55,000.00 | - |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---------------------------------|----------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| LAND USE ADMINISTRATION | | | | | | |
| Planning Board | | | | | | |
| Salaries and Wages | 2,500.00 | 2,500.00 | | | 2,500.00 | - |
| Other Expenses | 60,650.00 | 60,650.00 | 51,285.66 | | 9,364.34 | - |
| Zoning Board of Adjustment | | | | | | |
| Salaries and Wages | 2,500.00 | 2,500.00 | | | 2,500.00 | - |
| Other Expenses | 17,200.00 | 17,200.00 | 7,361.92 | | 9,838.08 | - |
| PUBLIC SAFETY | | | | | | |
| Fire | | | | | | |
| Salaries and Wages | 1,414,000.00 | 1,459,000.00 | 1,440,770.44 | | 18,229.56 | - |
| Other Expenses | 79,676.00 | 79,676.00 | 52,499.41 | 8,370.93 | 18,805.66 | - |
| Aid to Volunteer Fire Company | | | | | | |
| Other Expenses | 37,500.00 | 37,500.00 | 37,500.00 | | - | - |
| Police | | | | | | |
| Salaries and Wages | 1,964,934.00 | 1,964,934.00 | 1,929,495.18 | | 35,438.82 | - |
| Other Expenses | 186,925.00 | 186,925.00 | 150,299.86 | 23,027.12 | 13,598.02 | - |
| Emergency Management Services | | | | | | |
| Salaries and Wages | 5,750.00 | 5,750.00 | 5,000.06 | | 749.94 | - |
| Other Expenses | 6,100.00 | 6,100.00 | 1,475.55 | 27.84 | 4,596.61 | - |
| Parking and Traffic Maintenance | | | | | | |
| Salaries and Wages | 101,000.00 | 101,000.00 | 83,393.38 | | 17,606.62 | - |
| Other Expenses | 54,000.00 | 54,000.00 | 45,470.25 | 600.43 | 7,929.32 | - |
| Public Safety | | | | | | |
| Salaries and Wages | 2,500.00 | 2,500.00 | | | 2,500.00 | - |
| Other Expenses | 1,000.00 | 1,000.00 | 27.29 | | 972.71 | - |
| Municipal Court | | | | | | |
| Salaries and Wages | 172,000.00 | 127,000.00 | 92,155.07 | | 34,844.93 | - |
| Other Expenses | 23,605.00 | 68,605.00 | 16,472.97 | | 52,132.03 | - |
| Public Defender | | | | | | |
| Other Expenses | 8,300.00 | 8,300.00 | 7,500.00 | | 800.00 | - |
| PUBLIC WORKS FUNCTION | | | | | | |
| Road Repairs and Maintenance | | | | | | |
| Salaries and Wages | 522,000.00 | 522,000.00 | 488,439.48 | | 33,560.52 | - |
| Other Expenses | 224,025.00 | 224,025.00 | 185,255.57 | 14,951.65 | 23,817.78 | - |
| Sanitary Landfill Contractual | | | | | | |
| Other Expenses | 27,000.00 | 27,000.00 | 14,136.32 | | 12,863.68 | - |
| Recycling | | | | | | |
| Salaries and Wages | 38,000.00 | 38,000.00 | 28,093.70 | | 9,906.30 | - |
| Other Expenses | 251,845.00 | 251,845.00 | 199,498.35 | | 52,346.65 | - |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|----------------------|----------------------------|----------------------|------------------|---------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Public Buildings and Grounds | | | | | | |
| Salaries and Wages | 616,000.00 | 616,000.00 | 512,762.02 | | 103,237.98 | - |
| Other Expenses | 380,000.00 | 380,000.00 | 311,611.16 | 4,024.74 | 64,364.10 | - |
| Shade Tree Commission | | | | | | |
| Salaries and Wages | 500.00 | 500.00 | | | 500.00 | - |
| Other Expenses | 40,000.00 | 40,000.00 | 34,746.00 | | 5,254.00 | - |
| Property Maintenance Enforcement | | | | | | |
| Other Expenses | 2,500.00 | 2,500.00 | | | 2,500.00 | - |
| HEALTH AND HUMAN SERVICES | | | | | | |
| Uniform Fire Safety | | | | | | |
| Salaries and Wages | 135,000.00 | 135,000.00 | 120,044.11 | | 14,955.89 | - |
| Other Expenses | 20,000.00 | 20,000.00 | 10,261.73 | 1,695.90 | 8,042.37 | - |
| Environmental Commission | | | | | | |
| Salaries and Wages | 1,800.00 | 1,800.00 | 1,080.00 | | 720.00 | - |
| Other Expenses | 4,450.00 | 4,450.00 | 350.00 | | 4,100.00 | - |
| PARKS AND RECREATION FUNCTIONS | | | | | | |
| Civic Affairs | | | | | | |
| Salaries and Wages | 146,000.00 | 146,000.00 | 137,679.37 | | 8,320.63 | - |
| Other Expenses | 65,000.00 | 65,000.00 | 52,347.86 | 685.75 | 11,966.39 | - |
| Historic Preservation Commission | | | | | | |
| Salaries and Wages | 12,500.00 | 12,500.00 | 12,277.22 | | 222.78 | - |
| Other Expenses | 19,600.00 | 19,600.00 | 8,794.27 | | 10,805.73 | - |
| Grants Coordinator | | | | | | |
| Other Expenses | 25,000.00 | 28,000.00 | 23,765.00 | | 4,235.00 | - |
| UNIFORM CONSTRUCTION CODE | | | | | | |
| State Uniform Construction Code | | | | | | |
| Construction Official | | | | | | |
| Salaries and Wages | 350,000.00 | 380,000.00 | 359,476.81 | | 20,523.19 | - |
| Other Expenses | 26,000.00 | 26,000.00 | 22,792.57 | 1,949.00 | 1,258.43 | - |
| UNCLASSIFIED | | | | | | |
| Celebration of Public Events, Anniversary or Holiday | | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | | |
| General Office Operations | | | | | | |
| Street Lighting | 136,300.00 | 146,300.00 | 140,876.52 | 106.82 | 5,316.66 | - |
| Gas Lighting | 135,000.00 | 135,000.00 | 121,980.10 | | 13,019.90 | - |
| Gas Lighting - Parts | 37,500.00 | 37,500.00 | 28,769.77 | | 8,730.23 | - |
| Gas Lighting - Parts | 12,000.00 | 12,000.00 | 11,982.99 | | 17.01 | - |
| TOTAL OPERATIONS WITHIN "CAPS" | 11,891,920.00 | 11,890,920.00 | 10,608,527.33 | 67,974.56 | 1,214,418.11 | - |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|----------------------|-------------------------------|----------------------|------------------------|---|
| | Budget | Budget After Modifications | Paid or Charged | Encumbered Reserved | |
| Contingent | 1,000.00 | 1,000.00 | | 1,000.00 | - |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | 11,892,920.00 | 11,891,920.00 | 10,608,527.33 | 67,974.56 | 1,215,418.11 |
| Detail: | | | | | |
| Salaries and Wages | 6,179,984.00 | 6,209,984.00 | 5,780,340.76 | - | 429,643.24 |
| Other Expenses | 5,712,936.00 | 5,681,936.00 | 4,828,186.57 | 67,974.56 | 785,774.87 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES: | | | | | |
| Deferred Charges: | | | | | |
| Prior Year Bill: Indolutions, Inc | 622.63 | 622.63 | 622.63 | | - |
| Statutory Expenditures: | | | | | |
| Contributions to: | | | | | |
| Public Employees' Retirement System | 426,587.00 | 427,587.00 | 427,487.15 | | 99.85 |
| Social Security System (O.A.S.I.) | 342,000.00 | 342,000.00 | 337,905.48 | | 4,094.52 |
| Police and Firemen's Retirement System | 788,690.00 | 788,690.00 | 788,690.00 | | - |
| Unemployment Compensation Insurance | 23,000.00 | 23,000.00 | 23,000.00 | | - |
| Defined Contribution Retirement Program | 5,000.00 | 5,000.00 | 2,196.46 | | 2,803.54 |
| Reserve for Retirement Trust | 55,000.00 | 55,000.00 | 55,000.00 | | - |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES: | 1,640,899.63 | 1,641,899.63 | 1,634,901.72 | - | 6,997.91 |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 13,533,819.63 | 13,533,819.63 | 12,243,429.05 | 67,974.56 | 1,222,416.02 |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| (A) Operations - Excluded from "CAPS" | | | | | |
| Length of Service Award Program - Fire | 22,000.00 | 22,000.00 | 12,861.00 | | 9,139.00 |
| Interlocal Municipal Service Agreements | | | | | |
| Police Protection West Cape May & Cape May Point | | | | | |
| Contractual - West Cape May - Salaries & Wages | 486,230.00 | 486,230.00 | 486,230.00 | | - |
| Contractual - Cape May Point - Salaries & Wages | 293,837.00 | 293,837.00 | 293,837.00 | | - |
| Rental of Borough Property - West Cape May | 39,741.00 | 39,741.00 | 39,741.00 | | - |
| TOTAL OPERATIONS - EXCLUDED FROM "CAPS" | 841,808.00 | 841,808.00 | 832,669.00 | - | 9,139.00 |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|---------------------|----------------------------|---------------------|------------|------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| (A) Public and Private Programs Off-Set by Revenues | | | | | | |
| Cops in Shops | | 3,960.00 | 3,960.00 | - | - | - |
| Matching Funds for Grants | 25,000.00 | 25,000.00 | | | 25,000.00 | - |
| Bureau of Housing Inspection | 9,341.00 | 9,341.00 | 9,341.00 | - | - | - |
| 2017 Emergency Management-EMAA Grant | | 10,000.00 | 10,000.00 | - | - | - |
| WWI Centennial Memorials Grant | | 2,000.00 | 2,000.00 | - | - | - |
| Clean Communities | | 18,135.15 | 18,135.15 | - | - | - |
| US Dept HUD - CDBG - Conv Hall Annex Streetscape | | 253,000.00 | 253,000.00 | - | - | - |
| Small Cities Grant | 400,000.00 | 400,000.00 | 400,000.00 | - | - | - |
| USDA - Rural Development - Public Address/Early Warning System | | 35,600.00 | 35,600.00 | - | - | - |
| Recycling Tonnage | 16,568.42 | 16,568.42 | 16,568.42 | - | - | - |
| Total Public and Private Programs Off-Set by Revenues | 450,909.42 | 773,604.57 | 748,604.57 | - | 25,000.00 | - |
| Total Operations - Excluded from "CAPS" Detail: | 1,292,717.42 | 1,615,412.57 | 1,581,273.57 | - | 34,139.00 | - |
| Salaries and Wages | 780,067.00 | 780,067.00 | 780,067.00 | - | - | - |
| Other Expenses | 512,650.42 | 835,345.57 | 801,206.57 | - | 34,139.00 | - |
| (C) Capital Improvements | | | | | | |
| Capital Improvement Fund | 150,000.00 | 150,000.00 | 150,000.00 | - | - | - |
| Reserve for Open Space Acquisitions | 222,000.00 | 222,000.00 | 222,000.00 | - | - | - |
| New Jersey Transportation Trust Fund Authority Act | 156,000.00 | 156,000.00 | 156,000.00 | - | - | - |
| Total Capital Improvements | 528,000.00 | 528,000.00 | 528,000.00 | - | - | - |
| (D) Debt Service | | | | | | |
| Payment of Bond Principal | 1,937,500.00 | 1,937,500.00 | 1,937,463.01 | - | - | 36.99 |
| Payment of Bond Anticipation Notes and Capital Notes | 195,000.00 | 195,000.00 | 195,000.00 | - | - | - |
| Interest on Bonds | 506,800.00 | 506,800.00 | 506,632.41 | - | - | 167.59 |
| Interest on Notes | 167,000.00 | 167,000.00 | 166,536.10 | - | - | 463.90 |
| Green Trust Loan Program: | | | | | | |
| Loan Repayments for Principal and Interest | 20,186.00 | 20,186.00 | 20,186.00 | - | - | - |
| NJFIT Loans & Bonds | 24,200.00 | 24,200.00 | 23,662.45 | - | - | 537.55 |
| Capital Lease Obligations: | | | | | | |
| Principal | 44,200.00 | 44,200.00 | 44,167.45 | - | - | 32.55 |
| Interest | 19,500.00 | 19,500.00 | 19,336.08 | - | - | 163.92 |
| Total Debt Service | 2,914,386.00 | 2,914,386.00 | 2,912,983.50 | - | - | 1,402.50 |

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|------------------|-------------------------------|--------------------|------------------------|---|
| | Budget | Budget After Modifications | Paid or Charged | Encumbered Reserved | |
| (E) Deferred Charges | - | - | - | - | - |
| None | | | | | |
| Total Deferred Charges | - | - | - | - | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 4,735,103.42 | 5,057,798.57 | 5,022,257.07 | 34,139.00 | 1,402.50 |
| SUBTOTAL GENERAL APPROPRIATIONS | 18,268,923.05 | 18,591,618.20 | 17,265,686.12 | 67,974.56 | 1,402.50 |
| (M) Reserve for Uncollected Taxes | 1,089,919.89 | 1,089,919.89 | 1,089,919.89 | | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 19,358,842.94 | 19,681,538.09 | 18,355,606.01 | 67,974.56 | 1,402.50 |
| Budget | | 19,358,842.94 | | | 1,402.50 |
| Appropriations by 40A-4-87 | | 322,695.15 | | Cancelled | - |
| | | 19,681,538.09 | | Overexpended | 1,402.50 |
| Reserve for Uncollected Taxes | | 1,089,919.89 | | | |
| Federal and State Grants | | 904,604.57 | | | |
| Rental of Borough Property - West Cape May | | 39,741.00 | | | |
| Disbursements | | 16,321,340.55 | | | |
| | | 18,355,606.01 | | | |

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**EXHIBIT - B
TRUST FUND**

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

| | <u>2018</u> | <u>2017</u> |
|--|------------------------|---------------------|
| <u>Assets</u> | | |
| <u>Animal Control Fund</u> | | |
| Cash and Investments | \$ 3,274.69 | 3,541.20 |
| | <u>3,274.69</u> | <u>3,541.20</u> |
| <u>Length of Service Award Program (LOSAP) (unaudited)</u> | | |
| Investments | | |
| Mutual Funds | 291,683.10 | 290,139.95 |
| | <u>291,683.10</u> | <u>290,139.95</u> |
| <u>Other Funds</u> | | |
| Cash and Investments | 3,287,252.05 | 3,139,241.00 |
| Due from Current | - | 357.75 |
| | <u>3,287,252.05</u> | <u>3,139,598.75</u> |
| | <u>\$ 3,582,209.84</u> | <u>3,433,279.90</u> |

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

| | 2018 | 2017 |
|--|-----------------|--------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | |
| <u>Animal Control Fund</u> | | |
| Reserve for Animal Control Expenditures | \$ 2,572.22 | 2,328.19 |
| Due to Current Fund | 694.67 | 1,201.01 |
| Due to State of New Jersey | 7.80 | 12.00 |
| | 3,274.69 | 3,541.20 |
| <u>Length of Service Award Program (LOSAP) (unaudited)</u> | | |
| Net Assets Available for Benefits | 291,683.10 | 290,139.95 |
| | 291,683.10 | 290,139.95 |
| <u>Other Funds</u> | | |
| Reserve for: | | |
| Due to Current Fund | 7.59 | 2.84 |
| Unemployment Compensation | 52,980.10 | 25,254.44 |
| Retirement Fund | 143,387.73 | 90,147.31 |
| Parking Offense Adjudication Act | 20,415.82 | 15,620.19 |
| Street Openings | 144,638.77 | 132,306.89 |
| Tax Lien Premiums | 2,070.26 | 8,970.26 |
| Parking Escrow | 91,162.79 | 56,730.94 |
| Lifeguard Pension | 608,142.76 | 595,558.54 |
| Police Forfeiture | 1,590.73 | 1,589.75 |
| COAH | 949,715.18 | 876,230.48 |
| Fire Safety | 20,773.58 | 14,264.64 |
| Neighborhood Revitalization | 140,830.05 | 140,743.74 |
| Security Deposits | 26,244.00 | 26,227.91 |
| DARE | 528.98 | 528.64 |
| Small Cities Block Grant | 737,308.55 | 736,856.64 |
| Public Assistance | 3,521.59 | 3,519.44 |
| Performance Bond | 302,676.51 | 387,369.67 |
| Police Off-Duty | 34,554.99 | 21,843.27 |
| Flexible Spending | 1,061.32 | 270.81 |
| Fishermen's Memorial | 4,959.69 | 4,881.69 |
| Dellas Field | 681.06 | 680.66 |
| | 3,287,252.05 | 3,139,598.75 |
| | \$ 3,582,209.84 | 3,433,279.90 |

EXHIBIT - C
GENERAL CAPITAL FUND

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

| <u>ASSETS</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------------|----------------------|
| Cash | \$ 2,981,617.19 | 2,143,968.09 |
| Deferred Charges to Future Taxation - | | |
| Funded | 13,219,091.99 | 15,195,622.09 |
| Unfunded | 32,567,510.97 | 31,127,872.66 |
| State Grant Receivable | 303,066.77 | 348,066.77 |
| NJEIT Loans Receivable | 35,670.53 | 35,670.53 |
| Due from Current Fund | 25,000.00 | - |
| Due from Grant Fund | 45,000.00 | - |
| | <u>49,176,957.45</u> | <u>48,851,200.14</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Encumbrances Payable | 1,249,444.81 | 1,098,113.32 |
| Bond Anticipation Notes Payable | 10,155,000.00 | 8,350,000.00 |
| Serial Bonds Payable | 13,024,916.71 | 14,962,379.72 |
| Green Trust Loan Payable | 131,246.31 | 148,547.43 |
| Environmental Infrastructure Trust Loans Payable | 62,928.97 | 84,694.94 |
| Due to Beach Capital Fund | 10,000.00 | - |
| Due to W/S Capital Fund | 15,000.00 | - |
| Improvement Authorizations: | | |
| Funded | 940,773.21 | 1,038,498.34 |
| Unfunded | 20,145,617.90 | 20,130,158.15 |
| Reserve to Pay Bonds or Notes | 445,382.19 | 595,382.19 |
| Reserve for Open Space | 2,386,569.00 | 2,164,569.00 |
| Reserves Other | 26,575.60 | 26,575.60 |
| Capital Improvement Fund | 64,301.00 | 14,301.00 |
| Fund Balance | 519,201.75 | 237,980.45 |
| | <u>\$ 49,176,957.45</u> | <u>48,851,200.14</u> |

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

| | |
|------|---------------|
| 2017 | 22,777,872.66 |
| 2018 | 22,412,510.97 |

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

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|-------------------|
| Beginning Balance January 1 | \$ 237,980.45 | 172,598.29 |
| Increased by: | | |
| Premiums on sale of Bonds & Notes | 106,221.30 | 65,382.16 |
| Pool Ordinance 2014-283 | 175,000.00 | - |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | - | - |
| Ending Balance December 31 | <u>\$ 519,201.75</u> | <u>237,980.45</u> |

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

| | <u>2018</u> | <u>2017</u> |
|--|-------------------------|----------------------|
| <u>ASSETS</u> | | |
| Operating Fund: | | |
| Cash | \$ 1,260,384.67 | 1,675,032.33 |
| | <u>1,260,384.67</u> | <u>1,675,032.33</u> |
| Receivables and Other Assets with Full Reserves: | | |
| Consumer Accounts Receivable | 15,214.82 | 22,255.66 |
| Interfunds: | | |
| Due from Utility Capital | - | 6,275.00 |
| | <u>15,214.82</u> | <u>28,530.66</u> |
| Deferred Charges: | | |
| Overexpenditure of Appropriation | 20,871.53 | - |
| | <u>20,871.53</u> | <u>-</u> |
| Total Operating Fund | <u>1,296,471.02</u> | <u>1,703,562.99</u> |
| Capital Fund: | | |
| Cash | 1,768,766.58 | 922,627.28 |
| Loans Receivable | 459,132.47 | 52,126.47 |
| Due from General Capital | 15,000.00 | - |
| Fixed Capital | 18,975,433.85 | 18,975,433.85 |
| Fixed Capital - Authorized and Uncompleted | 26,170,155.99 | 25,151,155.99 |
| Total Capital Fund | <u>47,388,488.89</u> | <u>45,101,343.59</u> |
| | <u>\$ 48,684,959.91</u> | <u>46,804,906.58</u> |

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

| | 2018 | 2017 |
|---|------------------|---------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Operating Fund: | | |
| Appropriation Reserves | \$ 240,353.88 | 440,965.26 |
| Reserve for Encumbrances | 75,560.00 | 79,786.43 |
| Overpaid Rents | 34,476.32 | 41,551.14 |
| Sales Tax Payable | 190.71 | 190.71 |
| Accrued Interest on Bonds and Notes | 162,940.19 | 149,699.13 |
| Reserve for Sewer Treatment Plant | 809.71 | 809.71 |
| Interfunds: | | |
| Due to Current Fund | - | 645.25 |
| | 514,330.81 | 713,647.63 |
| Reserve for Receivables | 15,214.82 | 22,255.66 |
| Fund Balance | 766,925.39 | 967,659.70 |
| | | |
| Total Operating Fund | 1,296,471.02 | 1,703,562.99 |
| Capital Fund: | | |
| Encumbrances Payable | 511,747.97 | 1,090,114.45 |
| Bond Anticipation Notes Payable | 3,635,000.00 | 2,650,000.00 |
| Serial Bonds Payable | 3,968,559.66 | 4,712,702.30 |
| Loans Payable | 8,464,301.09 | 7,042,564.38 |
| Improvement Authorizations: | | |
| Funded | 797,936.28 | 269,158.29 |
| Unfunded | 2,208,848.86 | 2,465,810.17 |
| Due to Utility Operating | - | 6,275.00 |
| Reserve for Amortization | 24,974,315.86 | 23,953,961.93 |
| Deferred Reserve for Amortization | 1,789,655.23 | 1,789,655.23 |
| Reserve for Debt Service | 519,817.60 | 650,817.60 |
| Capital Improvement Fund | 140,000.00 | 130,000.00 |
| Fund Balance | 378,306.34 | 340,284.24 |
| | 47,388,488.89 | 45,101,343.59 |
| | | |
| | \$ 48,684,959.91 | 46,804,906.58 |

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

| | | |
|--|------|--------------|
| | 2017 | 4,607,536.00 |
| | 2018 | 2,943,588.00 |

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

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|---------------------|
| Revenue and Other Income Realized | | |
| Fund Balance Utilized | \$ 732,314.00 | 675,000.00 |
| Water and Sewer Rents | 6,275,219.01 | 6,192,150.18 |
| Reserve to Pay Bonds and Notes | 131,000.00 | 119,490.00 |
| Miscellaneous | 67,922.16 | 62,546.56 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Res. | 233,729.85 | 202,732.30 |
| Total Income | <u>7,440,185.02</u> | <u>7,251,919.04</u> |
| Expenditures | | |
| Operations: | | |
| Salaries and Wages | 780,000.00 | 800,625.00 |
| Other Expenses | 4,475,020.00 | 4,204,470.00 |
| Capital Improvements | 60,000.00 | 70,000.00 |
| Debt Service | 1,527,236.86 | 1,589,300.17 |
| Deferred Charges and Statutory Expenditures | 87,220.00 | 95,802.00 |
| Refund of Prior Year Revenue | | 274.41 |
| Total Expenditures | <u>6,929,476.86</u> | <u>6,760,471.58</u> |
| Excess in Revenue | <u>510,708.16</u> | <u>491,447.46</u> |
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | 20,871.53 | - |
| Total Adjustments | <u>20,871.53</u> | <u>-</u> |
| Excess in Operations | <u>531,579.69</u> | <u>491,447.46</u> |
| Fund Balance January 1 | <u>967,659.70</u> | <u>1,151,212.24</u> |
| | 1,499,239.39 | 1,642,659.70 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>732,314.00</u> | <u>675,000.00</u> |
| Fund Balance December 31 | <u>\$ 766,925.39</u> | <u>967,659.70</u> |

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

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|----------------------|-------------------|
| Beginning Balance January 1 | \$ 340,284.24 | 319,534.21 |
| Increased by: | | |
| Premiums on Sale of Bonds & Notes | 38,022.10 | 20,750.03 |
| Decreased by: | | |
| None | - | - |
| Ending Balance December 31 | <u>\$ 378,306.34</u> | <u>340,284.24</u> |

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|-------------------------------|-------------------------------|---------------------|--------------------------------|
| Surplus Anticipated | \$ 732,314.00 | 732,314.00 | - |
| Anticipated Revenue: | | | |
| Water and Sewer Rents | 6,190,000.00 | 6,275,219.01 | 85,219.01 |
| Miscellaneous | 60,000.00 | 67,922.16 | 7,922.16 |
| Reserve to Pay Bond and Notes | 131,000.00 | 131,000.00 | - |
| | <u>\$ 7,113,314.00</u> | <u>7,206,455.17</u> | <u>93,141.17</u> |
| Analysis of Realized Revenue: | | | |
| Water and Sewer Rents | | | |
| Accounts Receivable | 6,275,219.01 | | |
| Total Water & Sewer Rents | | <u>6,275,219.01</u> | |
| Miscellaneous Revenue | | | |
| Interest on Investments | 1,884.88 | | |
| Penalties and Interest | 3,793.79 | | |
| Fire Sprinkler Fees | 375.00 | | |
| Meter Installations | 24,302.00 | | |
| Reconnection Fees | 1,125.00 | | |
| Special Reading Charge | 8,050.00 | | |
| Shut Off Notice Fee | 5,185.00 | | |
| Disconnection Fees | 700.00 | | |
| WCM Interlocal | 1,354.00 | | |
| Miscellaneous | 21,152.49 | | |
| Total Miscellaneous | | <u>67,922.16</u> | |

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|------------------------|--------------------------------|---------------------|------------------|-------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Operations: | | | | | | |
| Salaries and Wages | \$ 880,000.00 | 880,000.00 | 739,958.27 | | 40,041.73 | 100,000.00 |
| Other Expenses | 4,525,020.00 | 4,525,020.00 | 4,213,822.11 | 75,560.00 | 185,637.89 | 50,000.00 |
| | <u>5,405,020.00</u> | <u>5,405,020.00</u> | <u>4,953,780.38</u> | <u>75,560.00</u> | <u>225,679.62</u> | <u>150,000.00</u> |
| Capital Improvements: | | | | | | |
| Capital Improvement Fund | 10,000.00 | 10,000.00 | 10,000.00 | | - | |
| Cape May City Roads | 50,000.00 | 50,000.00 | 50,000.00 | | - | |
| | <u>60,000.00</u> | <u>60,000.00</u> | <u>60,000.00</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt Service: | | | | | | |
| Payment of Bond Principal | 1,052,074.00 | 1,052,074.00 | 1,003,172.26 | | | 48,901.74 |
| Payment on Bond Anticipation Notes & Capital Notes | 15,000.00 | 15,000.00 | 15,000.00 | | | - |
| Interest on Bonds | 441,000.00 | 441,000.00 | 435,193.07 | | | 5,806.93 |
| Interest on Notes | 53,000.00 | 53,000.00 | 73,871.53 | | | (20,871.53) |
| | <u>1,561,074.00</u> | <u>1,561,074.00</u> | <u>1,527,236.86</u> | <u>-</u> | <u>-</u> | <u>33,837.14</u> |
| Deferred Charges and Statutory Expenditures: | | | | | | |
| PERS | 15,000.00 | 15,000.00 | 14,100.00 | | 900.00 | |
| Social Security System (O.A.S.I.) | 67,320.00 | 67,320.00 | 58,445.74 | | 8,874.26 | |
| Unemployment Compensation Insurance | 3,900.00 | 3,900.00 | 3,900.00 | | 3,900.00 | |
| Retirement Trust | 1,000.00 | 1,000.00 | | | 1,000.00 | |
| | <u>87,220.00</u> | <u>87,220.00</u> | <u>72,545.74</u> | <u>-</u> | <u>14,674.26</u> | <u>-</u> |
| | <u>\$ 7,113,314.00</u> | <u>7,113,314.00</u> | <u>6,613,562.98</u> | <u>75,560.00</u> | <u>240,353.88</u> | <u>183,837.14</u> |
| | | Cash Disbursed \$ 6,669,095.49 | | | Cancelled | 204,708.67 |
| | | Reimbursements (68,773.57) | | | Overexpended | (20,871.53) |
| | | Accrued Interest 13,241.06 | | | | 183,837.14 |
| | | <u>6,613,562.98</u> | | | | |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - E
BEACH UTILITY FUND

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

| | 2018 | 2017 |
|--|-----------------|--------------|
| ASSETS | | |
| Operating Fund: | | |
| Cash | \$ 1,425,887.90 | 1,348,466.01 |
| | 1,425,887.90 | 1,348,466.01 |
| Deferred Charges: | | |
| Overexpenditure of Appropriation | 6,834.02 | - |
| | 6,834.02 | - |
| Total Operating Fund | 1,432,721.92 | 1,348,466.01 |
| Capital Fund: | | |
| Cash | 840,001.98 | 604,894.74 |
| Fixed Capital - Authorized and Uncompleted | 5,489,900.00 | 5,096,900.00 |
| Due from General Capital | 10,000.00 | - |
| Due from Beach Operating | 93.94 | - |
| Total Capital Fund | 6,339,995.92 | 5,701,794.74 |
| | \$ 7,772,717.84 | 7,050,260.75 |

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

| | 2018 | 2017 |
|---|-----------------|--------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Operating Fund: | | |
| Appropriation Reserves | \$ 166,863.37 | 153,289.53 |
| Encumbrances Payable | 22,171.56 | 14,983.57 |
| Accrued Interest on Bonds and Notes | 30,318.75 | 25,391.67 |
| Due to Beach Capital | 93.94 | - |
| | 219,447.62 | 193,664.77 |
| Fund Balance | 1,213,274.30 | 1,154,801.24 |
| Total Operating Fund | 1,432,721.92 | 1,348,466.01 |
| Capital Fund: | | |
| Encumbrances Payable | 56,278.00 | 122,228.40 |
| Bond Anticipation Notes Payable | 715,000.00 | 325,000.00 |
| General Serial Bonds Payable | 1,490,000.00 | 1,630,000.00 |
| Reserve for Amortization | 1,695,000.00 | 1,545,000.00 |
| Improvement Authorizations | | |
| Funded | 245,026.98 | 245,026.98 |
| Unfunded | 1,337,766.32 | 1,191,093.64 |
| Capital Improvement Fund | 679,000.00 | 529,000.00 |
| Fund Balance | 121,924.62 | 114,445.72 |
| Total Capital Fund | 6,339,995.92 | 5,701,794.74 |
| | \$ 7,772,717.84 | 7,050,260.75 |

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

| | |
|------|--------------|
| 2017 | 1,596,900.00 |
| 2018 | 1,589,900.00 |

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

| | <u>2018</u> | <u>2017</u> |
|---|------------------------|---------------------|
| Revenue and Other Income Realized | | |
| Fund Balance Utilized | \$ 274,475.00 | 214,125.00 |
| Beach Fees | 2,464,499.00 | 2,409,700.00 |
| Miscellaneous Revenue | 1,503.03 | 2,844.39 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation | | |
| Reserves | 155,921.03 | 200,944.25 |
| Total Income | <u>2,896,398.06</u> | <u>2,827,613.64</u> |
| Expenditures | | |
| Operations: | | |
| Salaries and Wages | 1,487,000.00 | 1,464,425.00 |
| Other Expenses | 548,975.00 | 533,150.00 |
| Capital Improvements | 150,000.00 | 100,000.00 |
| Debt Service | 210,309.02 | 186,480.55 |
| Deferred Charges and Statutory Expenditures | 174,000.00 | 173,000.00 |
| Refund of Prior Year's Revenue | | - |
| Total Expenditures | <u>2,570,284.02</u> | <u>2,457,055.55</u> |
| Excess/(Deficit) in Revenue | <u>326,114.04</u> | <u>370,558.09</u> |
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by | | |
| Statute Deferred Charges to Budgets of | | |
| Succeeding Year | 6,834.02 | - |
| Total Adjustments | <u>6,834.02</u> | <u>-</u> |
| Excess in Operations | <u>332,948.06</u> | <u>370,558.09</u> |
| Fund Balance January 1 | <u>1,154,801.24</u> | <u>998,368.15</u> |
| | 1,487,749.30 | 1,368,926.24 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>274,475.00</u> | <u>214,125.00</u> |
| Fund Balance December 31 | <u>\$ 1,213,274.30</u> | <u>1,154,801.24</u> |

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

| | 2018 | 2017 |
|-----------------------------------|---------------|------------|
| Beginning Balance January 1 | \$ 114,445.72 | 111,900.91 |
| Increased by: | | |
| Premiums on sale of Bonds & Notes | 7,478.90 | 2,544.81 |
| Decreased by: | | |
| None | - | - |
| Ending Balance December 31 | \$ 121,924.62 | 114,445.72 |

**BEACH UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Anticipated Budget | Realized | Excess or (Deficit) |
|-------------------------------|-----------------------|--------------|------------------------|
| Surplus Anticipated | \$ 274,475.00 | 274,475.00 | - |
| Anticipated Revenue: | | | |
| Beach Fees | 2,290,000.00 | 2,464,499.00 | 174,499.00 |
| Miscellaneous | 1,000.00 | 1,503.03 | 503.03 |
| | \$ 2,565,475.00 | 2,740,477.03 | 175,002.03 |
| Analysis of Realized Revenue: | | | |
| Beach Fees | | | |
| Collections | 2,464,499.00 | | |
| Total Beach Fees | | 2,464,499.00 | |
| Miscellaneous Revenue | | | |
| Miscellaneous | 21.80 | | |
| Interest on Investments | 1,481.23 | | |
| Total Miscellaneous | | 1,503.03 | |

**BEACH UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|------------------------|--------------------------------|---------------------|------------------|-------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Operations: | | | | | | |
| Salaries and Wages | \$ 1,487,000.00 | 1,487,000.00 | 1,435,893.09 | | 51,106.91 | |
| Other Expenses | 548,975.00 | 548,975.00 | 440,063.62 | 22,171.56 | 86,739.82 | |
| | <u>2,035,975.00</u> | <u>2,035,975.00</u> | <u>1,875,956.71</u> | <u>22,171.56</u> | <u>137,846.73</u> | <u>-</u> |
| Capital Improvements: | | | | | | |
| Capital Improvement Fund | 150,000.00 | 150,000.00 | 150,000.00 | | - | |
| | <u>150,000.00</u> | <u>150,000.00</u> | <u>150,000.00</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt Service: | | | | | | |
| Bond Principal | 140,000.00 | 140,000.00 | 140,000.00 | | - | - |
| Payment on Bond Anticipation Notes & Capital Notes | 10,000.00 | 10,000.00 | 10,000.00 | | - | - |
| Interest on Bonds | 49,000.00 | 49,000.00 | 46,975.00 | | - | 2,025.00 |
| Interest on Notes | 6,500.00 | 6,500.00 | 13,334.02 | | - | (6,834.02) |
| | <u>205,500.00</u> | <u>205,500.00</u> | <u>210,309.02</u> | <u>-</u> | <u>-</u> | <u>(4,809.02)</u> |
| Deferred Charges and Statutory Expenditures: | | | | | | |
| Lifeguard Pension | 40,000.00 | 40,000.00 | 40,000.00 | | - | - |
| Unemployment | 20,000.00 | 20,000.00 | 20,000.00 | | - | - |
| Social Security System | 114,000.00 | 114,000.00 | 84,983.36 | | 29,016.64 | |
| | <u>174,000.00</u> | <u>174,000.00</u> | <u>144,983.36</u> | <u>-</u> | <u>29,016.64</u> | <u>-</u> |
| | <u>\$ 2,565,475.00</u> | <u>2,565,475.00</u> | <u>2,381,249.09</u> | <u>22,171.56</u> | <u>166,863.37</u> | <u>(4,809.02)</u> |
| | | Cash Disbursed \$ 2,376,322.01 | | | Cancelled | 2,025.00 |
| | | Accrued Interest 4,927.08 | | | Overexpended | (6,834.02) |
| | | <u>\$ 2,381,249.09</u> | | | <u>(4,809.02)</u> | <u>(4,809.02)</u> |

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - F
TOURISM UTILITY FUND

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

| | 2018 | 2017 |
|---|-----------------|------------|
| <u>ASSETS</u> | | |
| Operating Fund: | | |
| Cash | \$ 1,013,112.72 | 830,015.24 |
| Change Fund | 500.00 | 500.00 |
| | 1,013,612.72 | 830,515.24 |
| Total Operating Fund | 1,013,612.72 | 830,515.24 |
| | 1,013,612.72 | 830,515.24 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Operating Fund: | | |
| Appropriation Reserves | 147,641.66 | 106,561.51 |
| Encumbrances Payable | 9,831.42 | 23,362.84 |
| Accounts Payable | 236.46 | - |
| Sales Tax Payable | 630.89 | 630.89 |
| Due to Security Deposit | 34,817.50 | 33,817.50 |
| | 193,157.93 | 164,372.74 |
| Fund Balance | 820,454.79 | 666,142.50 |
| Total Operating Fund | 1,013,612.72 | 830,515.24 |
| | \$ 1,013,612.72 | 830,515.24 |

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

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|---------------------|
| Revenue and Other Income Realized | | |
| Fund Balance Utilized | \$ 125,000.00 | 100,000.00 |
| Tourism Fees | 1,297,698.93 | 1,241,252.45 |
| Other Credits to Income: | | |
| Miscellaneous Revenue not Anticipated | 5,032.51 | 22,364.80 |
| Unexpended Balance of Appropriation Reserves | 96,725.85 | 112,258.93 |
| Total Income | <u>1,524,457.29</u> | <u>1,475,876.18</u> |
| Expenditures | | |
| Operations: | | |
| Salaries and Wages | 452,000.00 | 401,000.00 |
| Other Expenses | 793,000.00 | 788,000.00 |
| Refund of Prior Year's Revenue | 145.00 | - |
| Total Expenditures | <u>1,245,145.00</u> | <u>1,189,000.00</u> |
| Excess/(Deficit) in Revenue | <u>279,312.29</u> | <u>286,876.18</u> |
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | - | - |
| Total Adjustments | <u>-</u> | <u>-</u> |
| Excess in Operations | <u>279,312.29</u> | <u>286,876.18</u> |
| Fund Balance January 1 | <u>666,142.50</u> | <u>479,266.32</u> |
| Decreased by: | 945,454.79 | 766,142.50 |
| Utilization as Anticipated Revenue | <u>125,000.00</u> | <u>100,000.00</u> |
| Fund Balance December 31 | <u>\$ 820,454.79</u> | <u>666,142.50</u> |

**TOURISM UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Anticipated Budget | Realized | Excess or (Deficit) |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Anticipated Revenue: | | | |
| Surplus Anticipated | \$ 125,000.00 | 125,000.00 | - |
| Tourism Fees & Events | 530,000.00 | 570,356.48 | 40,356.48 |
| Hotel Room Tax | 245,000.00 | 372,970.39 | 127,970.39 |
| Lease and Rent Contracts | 280,000.00 | 287,972.06 | 7,972.06 |
| Mercantile License Fee | 65,000.00 | 66,400.00 | 1,400.00 |
| Miscellaneous | - | 5,032.51 | 5,032.51 |
| | <u>\$ 1,245,000.00</u> | <u>1,427,731.44</u> | <u>182,731.44</u> |

Analysis of Realized Revenue:

| | | |
|---------------|--|-------------------|
| Tourism Fees | | |
| Collections | | 570,356.48 |
| | | <u>570,356.48</u> |
| Miscellaneous | | |
| Miscellaneous | | 4,616.66 |
| Interest | | 415.85 |
| | | <u>5,032.51</u> |

EXHIBIT - G
GENERAL FIXED ASSET ACCOUNT GROUP

**GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

| | <u>2018</u> | <u>2017</u> |
|---|-------------------------|----------------------|
| <u>General Fixed Assets</u> | | |
| Land, Buildings and Improvements | \$ 26,787,058.12 | 26,775,258.12 |
| Machinery and Equipment | 11,303,792.21 | 10,944,732.54 |
| | <u>38,090,850.33</u> | <u>37,719,990.66</u> |
| <u>Investment in General Fixed Assets</u> | | |
| Investment in General Fixed Assets | 38,090,850.33 | 37,719,990.66 |
| | <u>\$ 38,090,850.33</u> | <u>37,719,990.66</u> |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cape May is a shore community located at the southern tip of the State of New Jersey in the County of Cape May. The population according to the 2010 census is 3,607.

The City of Cape May is governed by the Faulkner Act Council-Manager form of government, providing for the election of a five-member City Council. The Mayor is a member of the Council and directly elected by the voters. The Council is the policy maker for the municipality. The Manager, as chief executive and administrative officer of the municipality, is appointed by the Council. The City Manager is responsible for personnel, enforcement of ordinances and overall administration.

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

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

B. Description of Funds

The accounting policies of the City of Cape May conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Cape May accounts for its financial transactions through the following separate funds:

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

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

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

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

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

Tourism Utility Operating -- The Tourism Utility Operating Fund was created January 1, 2012 by adopting City Ordinance 244-2011. The purpose of the fund is to account for and properly budget and pay for the management and operation of Convention Hall as well as for all the activities and events provided through the City's Department of Tourism, Civic Affairs and Recreation.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

C. Basis of Accounting

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

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

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

No depreciation has been provided for in the financial statements.

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

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

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the City of Cape May School District and the Lower Cape May Regional High School District and the County of Cape May taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

Levy of Utility Charges – The City operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and Sewer charges are based on flat fees and usage based on the type of City. Charges are billed annually and due in quarterly installments on February 1, April 28, August 8 and October 26.

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

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Township's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the Township's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Township's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$1,089,919.89 and \$1,010,771.17. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$2,820,000.00 and \$2,300,000.00. In addition, the City operates a self-liquidating water and sewer utility, beach utility and tourism utility. Under New Jersey Statutes a separate budget for each utility must be adopted concurrently with the operating budget of the City. The utility budgets must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the water and sewer budget in 2018 and 2017 statutory budgets was \$732,314.00 and \$675,000.00. The amount of fund balance budgeted to balance the beach utility budget in 2018 and 2017 statutory budgets was \$274,475.00 and \$214,125.00. The amount of fund balance budgeted to balance to tourism utility budget in 2018 and 2017 was \$125,000.00 and \$100,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following more significant budget transfers were approved in the 2018 and 2017 calendar years:

| <u>Budget Category</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------|--------------|-------------|
| <u>Current Fund:</u> | | |
| Legal Services | | |
| Other Expenses | \$ 40,000.00 | - |
| Insurance | | |
| General Liability | (89,000.00) | (66,000.00) |
| Employee Group Health | (50,000.00) | - |
| Planning Board | | |
| Other Expenses | - | 12,000.00 |
| Fire | | |
| Salaries and Wages | 45,000.00 | 15,000.00 |
| Public Buildings and Grounds | | |
| Other Expenses | - | 22,000.00 |
| Municipal Court | | |
| Salaries and Wages | (45,000.00) | - |
| Other Expenses | 45,000.00 | - |
| Reserve for Retirement Trust | | |
| Construction Official | | |
| Salaries and Wages | 30,000.00 | - |
| <u>Water/Sewer Utility Fund:</u> | None | None |
| <u>Tourism Utility Fund:</u> | | None |
| Operations | | |
| Salaries and Wages | 12,000.00 | |
| Other Expenses | (12,000.00) | |
| <u>Beach Utility Fund:</u> | None | None |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018 and 2017, the following budget insertions were approved:

| <u>Budget Category</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|-------------|
| Clean Communities Program | \$ 18,135.15 | 18,943.63 |
| WWI Centennial Memorials Grant | 2,000.00 | - |
| Body Armor | - | 2,187.25 |
| US Dept HUD - CDBG - Conv Hall Annex Streetscape | 253,000.00 | - |
| USDA - Rural Dev. - Public Address/Early Warning System | 35,600.00 | - |
| NJDOT - Pennsylvania Ave | - | 158,000.00 |
| ANJEC - 2017 Open Space Stewardship | - | 1,500.00 |
| NJDCA-Intensive Level Survey-FY 2017 | - | 24,999.00 |
| Emergency Management - EMAA Grant | 10,000.00 | 9,400.00 |
| Cops in Shops | 3,960.00 | 1,800.00 |

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no Emergency or Special Emergency appropriations in 2018.

NOTE 3: INVESTMENTS

As of December 31, 2018 and 2017, the City did not have any investments.

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

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

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018, \$3,500,448.34 of the City's bank balance of \$21,636,441.45 was exposed to custodial credit risk. As of December 31, 2017, \$3,197,216.12 of the City's bank balance of \$20,112,147.96 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2017:

| | Balance 12/31/2016 | Additions | Retirements/ Adjustments | Balance 12/31/2017 |
|---------------------------------|-----------------------|-------------------|-----------------------------|-----------------------|
| Land, Building and Improvements | \$ 26,775,258.12 | | | 26,775,258.12 |
| Equipment and Machinery | 10,111,523.50 | 864,911.79 | (31,702.75) | 10,944,732.54 |
| | <u>36,886,781.62</u> | <u>864,911.79</u> | <u>(31,702.75)</u> | <u>37,719,990.66</u> |

| | Balance 12/31/2017 | Additions | Retirements/ Adjustments | Balance 12/31/2018 |
|---------------------------------|-----------------------|-------------------|-----------------------------|-----------------------|
| Land, Building and Improvements | \$ 26,775,258.12 | 11,800.00 | | 26,787,058.12 |
| Equipment and Machinery | 10,944,732.54 | 557,263.58 | (198,203.91) | 11,303,792.21 |
| | <u>37,719,990.66</u> | <u>569,063.58</u> | <u>(198,203.91)</u> | <u>38,090,850.33</u> |

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 6: SHORT-TERM OBLIGATIONS

| | Balance 12/31/16 | Issued | Retired | Balance 12/31/17 |
|-------------------------|-------------------------|----------------------|----------------------|----------------------|
| Bond Anticipation | | | | |
| Notes payable: | | | | |
| General | \$ 6,575,000.00 | 8,350,000.00 | 6,575,000.00 | 8,350,000.00 |
| Water and Sewer Utility | 1,800,000.00 | 2,650,000.00 | 1,800,000.00 | 2,650,000.00 |
| Beach Utility | 200,000.00 | 325,000.00 | 200,000.00 | 325,000.00 |
| | <u>\$ 8,575,000.00</u> | <u>11,325,000.00</u> | <u>8,575,000.00</u> | <u>11,325,000.00</u> |
| | | | | |
| | Balance 12/31/17 | Issued | Retired | Balance 12/31/18 |
| Bond Anticipation | | | | |
| Notes payable: | | | | |
| General | \$ 8,350,000.00 | 10,155,000.00 | 8,350,000.00 | 10,155,000.00 |
| Water and Sewer Utility | 2,650,000.00 | 3,635,000.00 | 2,650,000.00 | 3,635,000.00 |
| Beach Utility | 325,000.00 | 715,000.00 | 325,000.00 | 715,000.00 |
| | <u>\$ 11,325,000.00</u> | <u>14,505,000.00</u> | <u>11,325,000.00</u> | <u>14,505,000.00</u> |

The note was issued on July 13, 2018 and is due and payable on July 12, 2019 with interest at 3.000%. As of December 31, 2018, the City has authorized but not issued bonds in the amount of \$22,412,510.97, \$2,626,536.00, \$1,589,900.00 in the General Capital Fund, Water and Sewer Utility Capital Fund and Beach Utility Capital Fund respectively.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

| | Balance 12/31/16 | Issued | Retired | Balance 12/31/17 | Amounts Due Within One Year |
|------------------------------|-------------------------|------------------|---------------------|----------------------|-----------------------------------|
| Bonds payable: | | | | | |
| General | \$ 16,774,725.45 | | 1,812,345.73 | 14,962,379.72 | 1,937,463.01 |
| Water Sewer Utility | 5,571,886.24 | | 859,183.94 | 4,712,702.30 | 744,142.64 |
| Beach Utility | 1,760,000.00 | | 130,000.00 | 1,630,000.00 | 140,000.00 |
| Total | <u>24,106,611.69</u> | - | <u>2,801,529.67</u> | <u>21,305,082.02</u> | <u>2,821,605.65</u> |
| Other liabilities: | | | | | |
| Loans Payable: | | | | | |
| General | 272,366.73 | | 39,124.36 | 233,242.37 | 39,067.09 |
| Water Sewer Utility | 7,272,322.64 | | 229,758.26 | 7,042,564.38 | 233,055.16 |
| Compensated Absences Payable | <u>1,317,866.75</u> | <u>13,510.93</u> | | <u>1,331,377.68</u> | |
| Total long-term liabilities | <u>\$ 32,969,167.81</u> | <u>13,510.93</u> | <u>3,070,412.29</u> | <u>29,912,266.45</u> | <u>3,093,727.90</u> |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

| | Balance 12/31/17 | Issued | Retired | Balance 12/31/18 | Amounts Due Within One Year |
|---------------------------------|-------------------------|---------------------|---------------------|----------------------|-----------------------------------|
| Bonds payable: | | | | | |
| General | \$ 14,962,379.72 | | 1,937,463.01 | 13,024,916.71 | 2,002,836.16 |
| Water Sewer Utility | 4,712,702.30 | | 744,142.64 | 3,968,559.66 | 699,348.52 |
| Beach Utility | 1,630,000.00 | | 140,000.00 | 1,490,000.00 | 150,000.00 |
| Total | <u>21,305,082.02</u> | - | <u>2,821,605.65</u> | <u>18,483,476.37</u> | <u>2,852,184.68</u> |
| Other liabilities: | | | | | |
| Loans Payable: | | | | | |
| General | 233,242.37 | | 39,067.09 | 194,175.28 | 39,016.69 |
| Water Sewer Utility | 7,042,564.38 | 1,682,948.00 | 261,211.29 | 8,464,301.09 | 206,954.57 |
| Compensated Absences Payable | <u>1,331,377.68</u> | | <u>24,680.63</u> | <u>1,306,697.05</u> | |
| Total long-term liabilities | <u>\$ 29,912,266.45</u> | <u>1,682,948.00</u> | <u>3,146,564.66</u> | <u>28,448,649.79</u> | <u>3,098,155.94</u> |

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:

\$2,097,000 General Bonds dated January 23, 1981, due in annual installments through January 23, 2020, bearing interest at 5.00% per annum. The balance remaining as of December 31, 2018 is \$229,916.71.

\$6,340,000 General Bonds dated October 1, 2008, due in annual installments through October 1, 2019, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$650,000.00.

\$10,700,000 General Bonds dated July 15, 2013, due in annual installments through July 15, 2027, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$7,890,000.00.

\$6,035,000 General Bonds dated July 15, 2014, due in annual installments through July 15, 2025, bearing interest at 3.00% per annum. The balance remaining as of December 31, 2018 is \$4,255,000.00.

\$324,621.37 Green Trust Loan dated November 9, 2005, due in annual installments through August 9, 2025, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2018 is \$131,246.31.

\$61,250 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$14,700.00.

\$63,932.75 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2018 is \$10,359.53.

\$115,970.26 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2018 is \$15,819.44.

\$110,250 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$22,050.00.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Outstanding bonds whose principal and interest are paid from the Water and Sewer Utility Operating Fund of the City:

\$1,903,000 Water and Sewer Utility Bonds dated January 20, 1981, due in annual installments through January 20, 2020, bearing interest at 5.00% per annum. The balance remaining as of December 31, 2018 is \$208,709.66.

\$142,500 Water and Sewer Utility Bonds dated June 24, 1983, due in annual installments through June 24, 2022, bearing interest at 5.00% per annum. The balance remaining as of December 31, 2018 is \$29,850.00.

\$3,630,000 Water and Sewer Utility Bonds dated November 1, 2008, due in annual installments through November 1, 2020, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$300,000.00.

\$2,335,000 Water and Sewer Utility Bonds dated July 15, 2013, due in annual installments through July 15, 2025, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$1,530,000.00.

\$2,700,000 General Bonds dated July 15, 2014, due in annual installments through July 15, 2025, bearing interest at 3.00% per annum. The balance remaining as of December 31, 2018 is \$1,900,000.00.

\$690,000 New Jersey Environmental Infrastructure Trust Bond, dated October 15, 1998, due in annual installments through October 15, 2018, bearing interest at various rates. There is no balance remaining as of December 31, 2018.

\$675,000 New Jersey Environmental Infrastructure Trust Loan dated October 15, 1998, due in annual installments through October 15, 2018, bearing interest at 0.00% per annum. There is no balance remaining as of December 31, 2018.

\$63,750 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$15,300.00.

\$66,542.25 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2018 is \$10,782.37.

\$120,703.74 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2018 is \$16,465.14.

\$1,252,948.00 Environmental Infrastructure Trust Loan dated May 22, 2018, due in annual installments through August 1, 2047, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2018 is \$1,224,791.87.

\$114,750 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$22,950.00.

\$1,200,000 Environmental Infrastructure Trust Bond dated October 12, 2007, due in semi annual installments through October 12, 2047, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$1,038,569.90.

\$2,500,000 FmHA Loan dated December 15, 1998, due in annual installments through December 15, 2038, bearing interest at 4.50% per annum. The balance remaining as of December 31, 2018 is \$1,771,243.07.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

\$1,250,000 Environmental Infrastructure Trust Bond dated October 27, 2011, due in annual installments through April 27, 2052, bearing interest at 3.75% per annum. The balance remaining as of December 31, 2018 is \$1,141,290.65.

\$1,400,000 Environmental Infrastructure Trust Bond dated October 27, 2011, due in annual installments through April 27, 2052, bearing interest at 3.75% per annum. The balance remaining as of December 31, 2018 is \$1,278,245.52.

\$1,585,000 Environmental Infrastructure Trust Bond dated July 18, 2014, due in semiannual installments through July 18, 2054, bearing interest at 4.50% per annum. The balance remaining as of December 31, 2018 is \$1,514,662.57.

\$430,000.00 Environmental Infrastructure Trust Bond dated May 22, 2018, due in semiannual installments through August 1, 2047, bearing interest at various rates. The balance remaining as of December 31, 2018 is \$430,000.00.

Outstanding bonds whose principal and interest are paid from the Beach Utility Operating Fund of the City:

\$2,700,000 General Bonds dated July 15, 2014, due in annual installments through July 15, 2025, bearing interest at 3.00% per annum. The balance remaining as of December 31, 2018 is \$1,490,000.00.

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

| Year Ending December 31, | General Capital Fund | |
|-----------------------------|-------------------------|---------------------|
| | Principal | Interest |
| 2019 | 2,002,836.16 | 433,224.93 |
| 2020 | 1,417,080.55 | 364,277.01 |
| 2021 | 1,380,000.00 | 322,350.00 |
| 2022 | 1,480,000.00 | 280,950.00 |
| 2023 | 1,580,000.00 | 236,550.00 |
| 2024-2027 | 5,165,000.00 | 428,500.00 |
| | <u>\$ 13,024,916.71</u> | <u>2,065,851.94</u> |

| Year Ending December 31, | Utility Capital Fund | | Beach Utility Capital Fund | |
|-----------------------------|------------------------|-------------------|----------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | 699,348.52 | 127,644.26 | 150,000.00 | 44,700.00 |
| 2020 | 723,621.14 | 102,870.02 | 160,000.00 | 40,200.00 |
| 2021 | 487,670.00 | 80,037.75 | 170,000.00 | 35,400.00 |
| 2022 | 527,920.00 | 65,248.00 | 180,000.00 | 30,300.00 |
| 2023 | 540,000.00 | 49,450.00 | 190,000.00 | 24,900.00 |
| 2024-2027 | 990,000.00 | 47,000.00 | 640,000.00 | 39,600.00 |
| | <u>\$ 3,968,559.66</u> | <u>472,250.03</u> | <u>1,490,000.00</u> | <u>215,100.00</u> |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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

| <u>Year Ending December 31,</u> | <u>General Capital Fund</u> | | <u>Utility Capital Fund</u> | |
|-------------------------------------|-----------------------------|------------------|-----------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2019 | 39,016.69 | 4,313.38 | 206,954.57 | 291,506.85 |
| 2020 | 38,973.27 | 3,346.14 | 212,130.38 | 284,779.13 |
| 2021 | 38,956.98 | 2,402.38 | 217,564.30 | 277,845.98 |
| 2022 | 18,734.63 | 1,451.37 | 202,207.31 | 270,665.38 |
| 2023 | 19,111.20 | 1,074.80 | 208,540.24 | 263,832.45 |
| 2024-2028 | 39,382.51 | 989.49 | 1,147,523.71 | 1,206,839.74 |
| 2029-2033 | | | 1,376,474.23 | 991,870.46 |
| 2034-2038 | | | 1,624,261.00 | 728,815.76 |
| 2039-2043 | | | 1,206,758.40 | 479,223.81 |
| 2044-2048 | | | 1,284,155.59 | 268,105.95 |
| 2049-2053 | | | 703,119.03 | 77,699.53 |
| 2054-2055 | | | 74,612.33 | 2,216.48 |
| | <u>\$ 194,175.28</u> | <u>13,577.56</u> | <u>8,464,301.09</u> | <u>5,143,401.52</u> |

As of December 31, 2018 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$678,442.14 and to the water and sewer utility budget was \$509,064.60.

Summary of Municipal Debt

Year 2018

Year 2017

Year 2016

Issued:

| | | | |
|---------------------------------------|----------------------|----------------------|----------------------|
| General - Bonds and Notes | \$ 23,374,091.99 | \$ 23,545,622.09 | \$ 23,622,092.18 |
| Water/Sewer Utility - Bonds and Notes | 16,067,860.75 | 14,405,266.68 | 14,644,208.88 |
| Beach Utility - Bonds and Notes | 2,205,000.00 | 1,955,000.00 | 1,960,000.00 |
| Total Issued | <u>41,646,952.74</u> | <u>39,905,888.77</u> | <u>40,226,301.06</u> |

Authorized but not issued:

| | | | |
|---------------------------------------|----------------------|----------------------|----------------------|
| General - Bonds and Notes | 22,412,510.97 | 22,777,872.66 | 22,999,287.66 |
| Water/Sewer Utility - Bonds and Notes | 2,943,588.00 | 4,607,536.00 | 4,688,536.00 |
| Beach Utility - Bonds and Notes | 1,589,900.00 | 1,596,900.00 | 1,310,900.00 |
| Total Authorized But Not Issued | <u>26,945,998.97</u> | <u>28,982,308.66</u> | <u>28,998,723.66</u> |

Total Bonds & Notes Issued and
 Authorized But Not Issued

| | | | |
|--|-------------------------|----------------------|----------------------|
| | <u>\$ 68,592,951.71</u> | <u>68,888,197.43</u> | <u>69,225,024.72</u> |
|--|-------------------------|----------------------|----------------------|

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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 1.579%.

| | Gross Debt | Deductions | Net Debt |
|-------------------------------|-------------------------|----------------------|----------------------|
| Regional School District Debt | \$ 3,722,427.02 | 3,722,427.02 | - |
| Water and Sewer Utility Debt | 19,011,448.75 | 19,011,448.75 | - |
| Beach Utility | 3,794,900.00 | 3,794,900.00 | - |
| General Debt | 45,786,602.96 | 445,382.19 | 45,341,220.77 |
| | <u>\$ 72,315,378.73</u> | <u>26,974,157.96</u> | <u>45,341,220.77</u> |

Net Debt \$45,341,220.77 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,871,777,468 = 1.579%.

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

| | | |
|---|-----------|-------------------|
| 3 1/2 % of Equalized Valuation Basis (Municipal) | \$ | 100,512,211 |
| Net Debt | | 45,341,221 |
| Remaining Borrowing Power | <u>\$</u> | <u>55,170,990</u> |

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 and 2018 were as follows:

| | <u>2019</u> | <u>2018</u> |
|---------------------|-----------------|--------------|
| Current Fund | \$ 2,930,000.00 | 2,820,000.00 |
| Water/Sewer Utility | 600,000.00 | 732,314.00 |
| Beach Utility | 301,834.02 | 274,475.00 |
| Tourism Utility | 150,000.00 | 125,000.00 |

NOTE 9: SCHOOL TAXES

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

| | <u>12/31/2018</u> | <u>12/31/2017</u> |
|----------------|-------------------|-------------------|
| Balance of Tax | \$ 909,852.30 | \$ 909,852.30 |
| Deferred | 909,852.30 | 909,852.30 |
| Tax Payable | <u>\$ -</u> | <u>-</u> |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

| | <u>12/31/2018</u> | <u>12/31/2017</u> |
|----------------|-------------------|-------------------|
| Balance of Tax | \$ 3,450,312.43 | \$ 2,950,876.43 |
| Deferred | 3,450,312.50 | 2,950,876.50 |
| Tax Payable | <u>\$ (0.07)</u> | <u>(0.07)</u> |

NOTE 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

| | <u>Balance 12/31/18</u> | <u>Balance 12/31/17</u> |
|---|-----------------------------|-----------------------------|
| Prepaid Taxes | \$ 619,547.38 | 2,424,055.21 |
| Cash Liability for Taxes Collected in Advance | <u>\$ 619,547.38</u> | <u>2,424,055.21</u> |

NOTE 11: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. 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 NJSA 43: 15c-1 et seq. Currently there are six individuals enrolled in DCRP.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Pension Plan for Lifeguards

The City of Cape May has established a pension plan to provide retirement, disability, and survivor pension benefits for the individuals who serve on the City's lifeguard force. It is promulgated pursuant to the requirements of N.J.S.A. 43:13-23, et seq. It shall be effective January 1, 1994 ("Effective Date") and applied to members of the City of Cape May Beach Patrol employed as a lifeguard or lieutenant on or after the Effective Date.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.34% through June 30, 2018 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 14.11% of covered payroll. The City's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$441,587.15, \$444,793.22 and \$393,179.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2018, 2017, and 2016 were \$788,690.00, \$768,500.86 and \$733,383.00.

The total payroll for the year ended December 31, 2018, 2017 and 2016 was \$8,399,361.76, \$8,120,425.96 and \$8,113,586.92. Payroll covered by PFRS was \$3,050,946.00, \$2,940,114.00 and \$2,918,891.00. Payroll covered by PERS was \$2,944,262.00, \$2,942,734.00 and \$3,144,692.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's trust for the Lifeguard Pension at December 31, 2018 was \$608,142.76. Currently there are ten individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2018, 2017 and 2016 were \$53,902.67, \$48,146.00 and \$39,036.00.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Significant Legislation

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2018:

Public Employees' Retirement System

The Municipality has a liability of \$8,318,993.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Municipality's proportion would be 0.04225090500%, which would be a decrease of 8.00% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$377,702.00. At December 31, 2018, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 158,644 | \$ (42,895) |
| Changes of assumptions | 1,370,832 | (2,659,971) |
| Changes in proportion | 338,307 | (941,992) |
| Net difference between projected and actual earnings on pension plan investments | | (78,033) |
| Total | <u>\$ 1,867,783</u> | <u>\$ (3,722,891)</u> |

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

| Year ended June 30, | |
|------------------------|-----------------------|
| 2019 | \$ 74,852 |
| 2020 | (128,286) |
| 2021 | (822,818) |
| 2022 | (737,190) |
| 2023 | (241,667) |
| Total | <u>\$ (1,855,108)</u> |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

| | |
|----------------------------|------------------------------|
| Inflation rate | 2.25% |
| Salary increases: | |
| Through 2026 | 1.65% - 4.15% (based on age) |
| Thereafter | 2.65% - 5.15% (based on age) |
| Investment rate of return: | 7.00% |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| Risk mitigation strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| High yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real estate | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.66%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.66%) or 1-percentage point higher (6.66%) than the current rate:

| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
|---|------------------------|----------------------------------|------------------------|
| Municipality's proportionate share of the net pension liability | \$ 10,001,534 | \$ 8,318,993 | \$ 6,908,297 |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$11,953,877.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Municipality's proportion would be 0.08834013770%, which would be a decrease of 0.87% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$903,125.00. At December 31, 2018, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 121,615 | \$ (49,468) |
| Changes of assumptions | 1,026,080 | (3,063,572) |
| Changes in proportion | 440,632 | (775,837) |
| Net difference between projected and actual earnings on pension plan investments | | (65,399) |
| Total | <u>\$ 1,588,327</u> | <u>\$ (3,954,276)</u> |

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

| Year ended June 30, | |
|------------------------|-----------------------|
| 2018 | \$ 104,293 |
| 2019 | (410,445) |
| 2020 | (1,109,873) |
| 2021 | (719,677) |
| 2022 | (230,247) |
| Total | <u>\$ (2,365,949)</u> |

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

| | |
|----------------------------|------------------------------|
| Inflation rate | 2.25% |
| Salary increases: | |
| Through 2026 | 2.10% - 8.98% (based on age) |
| Thereafter | 3.10% - 9.98% (based on age) |
| Investment rate of return: | 7.00% |

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| Risk mitigation strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| High yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real estate | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (5.51%) | Current Discount Rate (6.51%) | 1% Increase (7.51%) |
|---|------------------------|----------------------------------|------------------------|
| Municipality's proportionate share of the net pension liability | 15,571,615 | 11,953,877 | 8,970,501 |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.08834013770% for 2018. The net pension liability amount allocated to the Municipality was \$1,623,737.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$192,329.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

1) retired on a disability pension;

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

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

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

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

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Special Funding Situation:

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

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

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

| | June 30, 2018 | |
|---|-----------------------------|--------------------------------|
| | Collective Total | Proportionate Share |
| Total OPEB Liability | \$ 15,981,103,227 | \$ 16,820,112 |
| Plan Fiduciary Net Position | 314,485,086 | 330,996 |
| Net OPEB Liability | <u>\$ 15,666,618,141</u> | <u>\$ 16,489,116</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1.97% | 1.97% |

At June 30, 2018 the City's proportionate share of the Collective Net OPEB Liability was \$16,489,116.00. The State's proportionate share for the Special Funding Situation that is associated with the City is \$8,746,980.00. The City's proportion of the Collective Net OPEB Liability was 0.105250% which was an increase from the prior year of 5.17%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.140766% which was an increase from the prior year of 5.90%.

| | |
|--|----------------------|
| City's Proportionate Share of Collective Net OPEB Liability | \$ 16,489,116 |
| State's proportionate share that is associated with the City | 8,746,980 |
| Total | <u>\$ 25,236,096</u> |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

For the Year ended June 30, 2018 the City's Total OPEB Expense was \$444,790 and the State of New Jersey realized Total OPEB Expense in the amount of \$264,781 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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*: | |
| Through 2026 | 1.65% to 8.98% |
| Thereafter | 2.65% to 9.98% |

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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.

Certain actuarial assumptions used in the June 30, 2017 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, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

| | <u>1% Decrease (2.87%)</u> | <u>Discount Rate (3.87%)</u> | <u>1% Increase (4.87%)</u> |
|---------------------|--------------------------------|----------------------------------|--------------------------------|
| Collective | | | |
| Net OPEB Liability | \$ 18,381,085,096 | \$ 15,666,618,141 | \$ 13,498,373,388 |
| Proportionate Share | | | |
| Net OPEB Liability | \$ 19,346,093 | \$ 16,489,116 | \$ 14,207,038 |

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

The following presents the net OPEB liability as of June 30, 2018, 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% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|---------------------|--------------------|---------------------------------------|--------------------|
| Collective | | | |
| Net OPEB Liability | \$ 13,068,471,450 | \$ 15,666,618,141 | \$ 19,029,006,023 |
| Proportionate Share | | | |
| Net OPEB Liability | \$ 13,754,567 | \$ 16,489,116 | \$ 20,028,029 |

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

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

| | <u>Collective Totals</u> | | <u>Proportionate Share</u> | |
|---|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ | \$ (3,180,882,321) | \$ | \$ (3,347,879) |
| Changes of assumptions | | (3,974,042,874) | | (4,182,680) |
| Net difference between projected and actual earnings on OPEB plan investments | 8,279,239 | | 8,714 | |
| Changes in proportion and differences between contributions and proportionate share of contributions | 2,106,728,269 | (2,106,728,269) | 1,028,628 | (2,059,782) |
| Total | <u>\$ 2,115,007,508</u> | <u>\$ (9,261,653,464)</u> | <u>\$ 1,037,342</u> | <u>\$ (9,590,341)</u> |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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

| Year ended June 30, | Collective Totals | Proportionate Share |
|------------------------|---------------------------|------------------------|
| 2019 | \$ (1,049,390,011) | \$ (1,255,894) |
| 2020 | (1,049,390,011) | (1,255,894) |
| 2021 | (1,049,390,011) | (1,255,894) |
| 2022 | (1,050,264,681) | (1,256,941) |
| 2023 | (1,051,678,489) | (1,258,633) |
| Thereafter | (1,896,532,753) | (2,269,742) |
| Total | <u>\$ (7,146,645,956)</u> | <u>\$ (8,552,999)</u> |

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

| | |
|--|-----------------------|
| Service cost | \$ 896,235,148 |
| Interest on Total OPEB Liability | 764,082,232 |
| Expected Investment Return | (9,389,460) |
| Administrative Expenses | 8,200,113 |
| Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources: | |
| Differences between Expected and Actual Experience | (445,501,726) |
| Changes in Assumptions | (606,176,763) |
| Differences between Projected and Actual Investment Earnings on OPEB Plan Investments | 2,288,478 |
| Total Collective OPEB Expense | <u>\$ 609,738,022</u> |

Schedule of City's Share of Net OPEB Liability

| | <u>2018</u> |
|---|---------------|
| City's Proportionate Share of Net OPEB Liability | 0.105250% |
| City's Share of Net OPEB Liability | \$ 16,489,116 |
| City's Covered Payroll | 2,944,262 |
| City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll | 560.04% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1.97% |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The City has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. Employees are only eligible to receive 50% of the sick time they have accrued, and the maximum dollar amount of sick time that may be earned is \$12,000. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2018, the City estimates this liability to approximate \$1,306,697.05 based on 2018 pay rates and compensated absence balances.

NOTE 15: ECONOMIC DEPENDENCY

The City of Cape May is not economically dependent on any one business or industry as a major source of tax revenue for the City.

NOTE 16: RISK MANAGEMENT

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

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2018 and 2017 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State.

NOTE 17: DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998 the City of Cape May amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (City of Cape May) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is as follows:

Voya Retirement Insurance and Annuity Company

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the City of Cape May:

| | Due From | Due To |
|-------------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Current Fund: | | |
| Animal Control Fund | \$ 694.67 | |
| Federal and State Grant Funds | 116,471.38 | |
| Trusts Other | 7.59 | |
| General Capital | | 25,000.00 |
| Grant Fund: | | |
| Current Fund | | 116,471.38 |
| General Capital | | 45,000.00 |
| Other Trusts: | | |
| Current Fund | | 7.59 |
| Animal Control Fund: | | |
| Current Fund | | 694.67 |
| General Capital: | | |
| Current Fund | 25,000.00 | |
| Grant Fund | 45,000.00 | |
| Utility Capital | | 15,000.00 |
| Beach Capital | | 10,000.00 |
| Utility Capital: | | |
| General Capital | 15,000.00 | |
| Beach Operating: | | |
| Beach Capital | | 93.94 |
| Beach Capital: | | |
| General Capital | 10,000.00 | |
| Beach Operating | 93.94 | |
| | <u>\$ 212,267.58</u> | <u>212,267.58</u> |

The balances are primarily the result of disbursements made from the various funds which were not reimbursed prior to year end.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 20: LENGTH OF SERVICE AWARD PROGRAM

The City's Length of Service Awards Program (LOSAP) was created by a City Ordinance adopted on January 20, 2004 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the City of Cape May approved the adoption of the LOSAP at the general election held on January 20, 2004, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was fiscal year 2004. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the City's financial statements.

As required by N.J.A.C. 5:30-14.49, the City must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

NOTE 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events through August 5, 2019, the date which the financial statements were available to be issued. The following event was identified:

Bond Issue

On July 11, 2019 the City issued \$15,165,000.00 General Obligation Bonds, Series 2019. The \$15,165,000.00 General Obligation Bonds, Series 2019, consist of: \$10,155,000.00 General Improvement Bonds, \$4,250,000.00 Water/Sewer Utility Bonds and \$760,000.00 Beach Utility Bonds. Annual principal and interest installments are due through February 1, 2031. Interest on the Bonds will be payable semiannually on February 1 and August 1 each year.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Cape May's basic financial statements, and have issued our report thereon dated August 5, 2019, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Leon P. Costello

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

August 5, 2019

**CITY OF CAPE MAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2018**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis.**

Internal control over financial reporting:

- 1) Material Weakness identified? **No**
- 2) Significant Deficiencies? **None Reported**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **No**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2018.

STATUS OF PRIOR YEAR FINDINGS

Finding #2017-1: The audit synopsis should be properly advertised within 30 days after receipt of the audit report in accordance with N.J.S. 40A:5-7.

This recommendation was corrected during 2018.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

| | <u>Current Fund</u> | <u>Grant Fund</u> |
|---|----------------------|---------------------|
| Balance December 31, 2017 | 9,270,119.94 | 450,286.89 |
| | \$ | |
| Increased by Receipts: | | |
| Tax Collector | 24,722,562.44 | |
| Revenue Accounts Receivable | 6,410,545.47 | |
| Miscellaneous Revenue | 183,713.23 | |
| Due from State - Seniors and Veterans | 38,221.23 | |
| Due from Tourism Operating | 66,400.00 | |
| Due from Utility Operating | 17,715.81 | |
| Due from Flex Spending | 10,000.00 | |
| Due from Grant Fund | 789,919.40 | 468,208.42 |
| Due from General Capital | 440,361.69 | 45,000.00 |
| Due from TTL Premium Trust | 29,885.71 | |
| Due from COAH | 107,880.25 | |
| Due from Parking Trust | 34,395.00 | |
| Due from Street Opening Trust | 12,250.00 | |
| Due from Fire Safety Trust | 6,500.00 | |
| Due from P.O.A.A. Trust | 5,620.03 | |
| Elections | 8,400.00 | |
| Due from Performance Bond | 56,164.00 | |
| Due from Pd Outside Employment | 13,550.00 | |
| Due from Animal Control Trust | 1,201.01 | |
| Payroll & Payroll Taxes Payable | 11,185,044.91 | |
| Reserve for Escow Trust | 101,515.05 | |
| Federal and State Unappropriated Reserves | | 10,644.00 |
| Federal and State Receivables | | 734,275.40 |
| Due to the State of New Jersey: | | |
| DCA Training Fees | 24,606.00 | |
| Marriage Licenses | 4,275.00 | |
| | <u>44,270,726.23</u> | <u>1,258,127.82</u> |
| | 53,540,846.17 | 1,708,414.71 |

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

| | Current Fund | Grant Fund |
|---------------------------------|-----------------|--------------|
| Decreased by Disbursements: | | |
| Current Year Appropriation | 16,321,340.55 | |
| Prior Year Appropriations | 485,819.61 | |
| County Taxes | 7,716,372.43 | |
| Local District School Taxes | 1,849,389.00 | |
| Regional School Taxes | 6,401,189.00 | |
| Accounts Payable | 83,590.01 | |
| Tax Overpayments | 9,655.52 | |
| Due to Flex Spending | 10,000.00 | |
| Due to General Capital | 415,361.69 | |
| Due to Street Opening Trust | 12,250.00 | |
| Due to Fire Safety Trust | 6,500.00 | |
| Due to P.O.A.A. Trust | 5,620.03 | |
| Due to Grant Fund | 468,208.42 | 789,919.40 |
| Due to TTL Premium Trust | 29,885.71 | |
| Due to COAH | 108,238.00 | |
| Due to Parking Trust | 34,395.00 | |
| Due to Tourism Operating | 66,400.00 | |
| Due to Utility Operating | 17,070.56 | |
| Due to Pd Outside Employment | 13,550.00 | |
| Reserve for Escrow Trust | 68,200.40 | |
| Payroll & Payroll Taxes Payable | 11,215,246.04 | |
| Due to Performance Bond | 56,164.00 | |
| Elections | 8,400.00 | |
| Federal and State Disbursements | | 468,208.42 |
| Due to the State of New Jersey: | | |
| DCA Training Fees | 35,222.00 | |
| Marriage Licenses | 4,325.00 | |
| | 45,442,392.97 | 1,258,127.82 |
| Balance December 31, 2018 | \$ 8,098,453.20 | 450,286.89 |

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

| | | | |
|-----------------------------|---------------|----|---------------|
| Balance December 31, 2017 | | \$ | - |
| Increased by Receipts: | | | |
| Prepaid Taxes | 619,547.38 | | |
| Taxes Receivable | 24,050,238.41 | | |
| Revenue Accounts Receivable | 52,776.65 | | |
| | | | 24,722,562.44 |
| | | | 24,722,562.44 |
| Payments to Treasurer | | | 24,722,562.44 |
| Balance December 31, 2018 | | \$ | - |

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

| Year | Balance Dec. 31, 2017 | Current Year Levy | Added Taxes | Collections by Cash | | Adjustments | Transferred To Tax Title Lien | Arrears | Balance Dec. 31, 2018 |
|------------|--------------------------|----------------------|-----------------|---------------------|----------------------|-----------------|-------------------------------------|----------|--------------------------|
| | | | | 2017 | 2018 | | | | |
| Arrears \$ | - | | | | | | | | |
| 2017 | 314,118.19 | - | - | - | 232,927.05 | - | 81,191.14 | - | 0.00 |
| | <u>314,118.19</u> | | | | <u>232,927.05</u> | | <u>81,191.14</u> | | <u>0.00</u> |
| 2018 | - | 26,598,527.97 | 4,591.10 | 2,424,055.21 | 23,838,564.56 | 6,129.48 | 86,490.82 | - | 247,879.00 |
| | <u>314,118.19</u> | <u>26,598,527.97</u> | <u>4,591.10</u> | <u>2,424,055.21</u> | <u>24,071,491.61</u> | <u>6,129.48</u> | <u>167,681.96</u> | <u>-</u> | <u>247,879.00</u> |

Cash Receipts
 Senior Citizens and Veterans
 Overpayments Applied (Created)
24,050,238.41
43,366.74
(22,113.54)
24,071,491.61

Analysis of Current Year Tax Levy

| | |
|--------------------------------------|----------------------|
| Tax Yield: | |
| General Property Tax | 26,598,527.97 |
| Added Taxes (54:4-63.1 et. Seq.) | <u>4,591.10</u> |
| | <u>26,603,119.07</u> |
| Tax Levy: | |
| General County Taxes | 6,429,304.49 |
| County Library Taxes | 947,373.55 |
| County Open Space Taxes | 286,900.09 |
| County Health Taxes | - |
| County Added and Omitted Taxes | <u>36,954.93</u> |
| Total County Taxes | 7,700,533.06 |
| Local School District Tax | 1,849,389.00 |
| Additional Local School District Tax | - |
| Regional School District Tax | 6,900,625.00 |
| Local Tax for Municipal Purposes | 9,950,473.52 |
| Add: Additional Tax Levied | <u>202,098.49</u> |
| | <u>10,152,572.01</u> |
| | <u>26,603,119.07</u> |

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

| | | |
|---|------------|-----------------------------|
| Balance December 31, 2017 | | \$ 8,194.99 |
| Increased by: | | |
| Transfers from Taxes Receivable | 167,681.96 | |
| Interest and Costs Accrued by Sale November 29, 2018 | 20,428.26 | |
| | | 188,110.22 |
| | | 196,305.21 |
| Decreased by: | | |
| None | - | |
| | - | - |
| Balance December 31, 2018 | | \$ <u><u>196,305.21</u></u> |

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

| | Balance Dec. 31, 2017 | Accrued in 2018 | Collected by | | Balance Dec. 31, 2018 |
|---------------------------------------|--------------------------|--------------------|--------------|--------------------|--------------------------|
| | | | Collector | Treasurer Other | |
| Licenses: | | | | | |
| Alcoholic Beverages | \$ - | 55,940.00 | | 55,940.00 | - |
| Other | - | 317,912.80 | | 317,912.80 | - |
| Fees and Permits | - | 190,703.68 | | 190,703.68 | - |
| Fines and Costs: | | | | | |
| Municipal Court | 5,325.83 | 197,392.39 | | 193,940.27 | 8,777.95 |
| Interest and Costs on Taxes | - | 52,776.65 | 52,776.65 | | - |
| Interest Earned on Investments | - | 6,730.26 | | 6,730.26 | - |
| Parking Meters | - | 1,184,904.76 | | 1,184,904.76 | - |
| Hotel Room Tax | - | 1,263,554.24 | | 1,263,554.24 | - |
| Lease and Rental Contracts | - | 533,393.81 | | 533,393.81 | - |
| TV Cable Receipts | - | 44,057.87 | | 44,057.87 | - |
| Victorian Towers - In Lieu of Taxes | - | 181,161.77 | | 181,161.77 | - |
| Emergency Medical Services | - | 363,140.08 | | 363,140.08 | - |
| Energy Receipts Tax | - | 337,632.00 | | 337,632.00 | - |
| Uniform Construction Code Fees | - | 599,334.00 | | 599,334.00 | - |
| Interlocal Services Agreement - | | | | | |
| West Cape May - Police Protection | - | 486,230.76 | | 486,230.76 | - |
| Cape May Point - Police Protection | - | 293,837.00 | | 293,837.00 | - |
| Uniform Fire Safety Act | - | 197,817.92 | | 197,817.92 | - |
| Utility Street Improvements | - | 50,000.00 | | 50,000.00 | - |
| Reserve to Pay Debt Service | - | 150,000.00 | | 150,000.00 | - |
| Miscellaneous Revenue Not Anticipated | - | 184,407.90 | | 184,407.90 | - |
| | \$ 5,325.83 | 6,690,927.89 | 52,776.65 | 6,634,699.12 | 8,777.95 |

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

| | Balance Dec. 31, 2017 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|---|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT: | | | | | |
| General Administration | | | | | |
| Other Expenses | \$ 45,211.35 | 34,211.35 | 7,262.68 | 26,948.67 | - |
| City Clerk | | | | | |
| Other Expenses | 3,924.08 | 3,924.08 | 1,885.82 | 2,038.26 | - |
| Financial Administration | | | | | |
| Other Expenses | 2,309.56 | 2,309.56 | 1,588.24 | 721.32 | - |
| Assessment of Taxes | | | | | |
| Other Expenses | 4,533.93 | 4,533.93 | 1,207.54 | 3,326.39 | - |
| Collection of Taxes | | | | | |
| Other Expenses | 659.28 | 659.28 | 500.00 | 159.28 | - |
| Legal Services | | | | | |
| Other Expenses | | | | | |
| Miscellaneous Other Expenses | 183,554.96 | 183,554.96 | 18,861.36 | 164,693.60 | - |
| Engineering & Planning Services | | | | | |
| Other Expenses | 8,249.89 | 8,249.89 | 7,262.05 | 987.84 | - |
| Emergency Medical Services - Collection | | | | | |
| Contractual Expenses | 3,325.66 | 3,325.66 | 774.47 | 2,551.19 | - |
| INSURANCE | | | | | |
| General Liability | 102,790.70 | 102,790.70 | 18,524.00 | 84,266.70 | - |
| Employee Group Health | 225,998.05 | 225,998.05 | 179,996.83 | 46,001.22 | - |
| Employee Group Health Waiver | | | | | |
| Salaries and Wages | 55,000.00 | 55,000.00 | 55,000.00 | - | - |
| LAND USE ADMINISTRATION | | | | | |
| Planning Board | | | | | |
| Other Expenses | 12,483.63 | 12,483.63 | 5,106.94 | 7,376.69 | - |
| Zoning Board of Adjustment | | | | | |
| Other Expenses | 7,791.52 | 7,791.52 | 1,639.67 | 6,151.85 | - |
| PUBLIC SAFETY | | | | | |
| Fire | | | | | |
| Other Expenses | 25,651.38 | 25,651.38 | 17,208.31 | 8,443.07 | - |
| Police | | | | | |
| Other Expenses | 51,081.64 | 51,081.64 | 37,402.11 | 13,679.53 | - |
| Emergency Management Services | | | | | |
| Other Expenses | 5,246.91 | 5,246.91 | 2,683.02 | 2,563.89 | - |
| Parking and Traffic Maintenance | | | | | |
| Other Expenses | 24,600.56 | 24,600.56 | 6,761.97 | 17,838.59 | - |
| Municipal Court | | | | | |
| Other Expenses | 8,866.08 | 8,866.08 | 1,963.94 | 6,902.14 | - |

See Accompanying Auditor's Report

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

| | Balance Dec. 31, 2017 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|--|--------------------------|-------------------------------|--------------------|---------------------|-------------------|
| PUBLIC WORKS FUNCTION | | | | | |
| Road Repair and Maintenance | 73,941.27 | 73,941.27 | 29,599.64 | 44,341.63 | - |
| Other Expenses | | | | | |
| Sanitary Landfill - Contractual | 12,691.85 | 12,691.85 | 3,798.68 | 8,893.17 | - |
| Other Expenses | | | | | |
| Recycling | 49,772.39 | 49,772.39 | 20,711.87 | 29,060.52 | - |
| Other Expenses | | | | | |
| Public Buildings and Grounds | 115,446.46 | 102,446.46 | | 102,446.46 | - |
| Salaries and Wages | | | | | |
| Other Expenses | 26,573.59 | 42,573.59 | 40,882.61 | 1,690.98 | - |
| Shade Tree Commission | | | | | |
| Other Expenses | 3,282.88 | 7,282.88 | 7,050.00 | 232.88 | - |
| PARKS AND RECREATION | | | | | |
| Civic Affairs | | | | | |
| Other Expenses | 14,037.73 | 14,037.73 | 2,357.34 | 11,680.39 | - |
| Historic Preservation Commission | | | | | |
| Other Expenses | 10,562.32 | 10,562.32 | 1,305.00 | 9,257.32 | - |
| Grants Coordinator | | | | | |
| Other Expenses | 2,007.00 | 3,007.00 | 2,775.00 | 232.00 | - |
| UNIFORM CONSTRUCTION CODE | | | | | |
| State Uniform Construction Code | | | | | |
| Construction Official | | | | | |
| Other Expenses | 3,225.44 | 3,225.44 | 1,803.39 | 1,422.05 | - |
| UNCLASSIFIED | | | | | |
| Celebration of Public Events, Anniversary or Holiday | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | |
| General Office Operations | 12,136.40 | 15,136.40 | 7,927.85 | 7,208.55 | - |
| Street Lighting | 16,568.62 | 16,568.62 | 12,386.37 | 4,182.25 | - |
| Gas Lighting | 8,740.91 | 8,740.91 | 2,494.45 | 6,246.46 | - |
| All Other Accounts - No Change | 551,768.41 | 551,768.41 | | 551,768.41 | - |
| TOTAL | \$ 1,674,476.89 | 1,674,476.89 | 498,849.19 | 1,175,627.70 | - |

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

| | | | |
|--|----|-------------------|-------------------------------|
| Balance December 31, 2017 | | | |
| School Tax Payable | \$ | - | |
| School Tax Deferred | | <u>909,852.30</u> | |
| | | | \$ 909,852.30 |
| Increased by: | | | |
| Levy - School Year July 1, 2018 to June 30, 2019 | | | <u>1,849,389.00</u> |
| | | | 2,759,241.30 |
| Decreased by: | | | |
| Payments | | | <u>1,849,389.00</u> |
| Balance December 31, 2018 | | | |
| School Tax Payable | | - | |
| School Tax Deferred | | <u>909,852.30</u> | |
| | | | <u><u>909,852.30</u></u> |
| Current Year Liability for Local School District School Tax: | | | |
| Tax Paid | | | 1,849,389.00 |
| Tax Payable Ending | | | <u>-</u> |
| | | | 1,849,389.00 |
| Less: Deferred | | | |
| Less: Tax Payable Beginning | | | <u>-</u> |
| Amount charged to Current Year Operations | | | <u><u>\$ 1,849,389.00</u></u> |

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

| | | | |
|---|----|---------------------|-------------------------------|
| Balance December 31, 2017 | | | |
| School Tax Payable | \$ | (0.07) | |
| School Tax Deferred | | <u>2,950,876.50</u> | |
| | | | \$ 2,950,876.43 |
| Increased by: | | | |
| Levy - School Year July 1, 2018 to June 30, 2019 | | | <u>6,900,625.00</u> |
| | | | 9,851,501.43 |
| Decreased by: | | | |
| Payments | | | <u>6,401,189.00</u> |
| Balance December 31, 2018 | | | |
| School Tax Payable | | (0.07) | |
| School Tax Deferred | | <u>3,450,312.50</u> | |
| | | | <u><u>3,450,312.43</u></u> |
| Current Year Liability for Regional School District School Tax: | | | |
| Tax Paid | | | 6,401,189.00 |
| Tax Payable Ending | | | <u>(0.07)</u> |
| | | | 6,401,188.93 |
| Less: Deferred | | | |
| Less: Tax Payable Beginning | | | <u>(0.07)</u> |
| Amount charged to Current Year Operations | | | <u><u>\$ 6,401,189.00</u></u> |

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

| Purpose | Balance | Transferred | Received | Balance |
|--|---------------------|--------------------|-------------------|---------------------|
| | Dec. 31, 2017 | From 2018 Revenues | | Dec. 31, 2018 |
| FEDERAL GRANTS: | | | | |
| USDA-Rural Development | \$ - | 35,600.00 | | 35,600.00 |
| USHUD-CDBG Disaster Recovery | - | 253,000.00 | | 253,000.00 |
| Small Cities Grant - Housing Rehab | 175,000.00 | | 231,543.00 | 175,000.00 |
| Small Cities Grant - ADA Compliance Grant | 270,000.00 | | | 38,457.00 |
| Small Cities Grant - Water Trans Main | - | 400,000.00 | | 400,000.00 |
| Total Federal | 445,000.00 | 688,600.00 | 231,543.00 | 902,057.00 |
| STATE GRANTS: | | | | |
| Smart Growth Planning | 2,000.00 | | | 2,000.00 |
| DOT FY2013 Transportation Trust Fund | 175,000.00 | | 140,549.55 | 34,450.45 |
| 2014 Hazard Mitigation Grant -Energy Allocation | 100,000.00 | | | 100,000.00 |
| 2015 Hazard Mitigation Grant -Energy Allocation | 100,000.00 | | 100,000.00 | - |
| Transportation Trust Fund - CM Ave Phase III | 76,956.41 | | 76,956.41 | - |
| Clean Communities - 2018 | - | 18,135.15 | 18,135.15 | - |
| NJDOT - 2015 Muni Aid CM Ave South Side | 22,184.46 | | | 22,184.46 |
| NJDOT - Bikeway Expansion Project | 350,000.00 | | | 350,000.00 |
| 2016 NJDEP Historic Preservation Office-Circuit Rider | 65.00 | | | 65.00 |
| Bulletproof Vest Grant - 2015 | 1,626.48 | | 1,497.00 | 129.48 |
| Cops in Shops - 2017 | 337.68 | | | 337.68 |
| Cops in Shops - 2018 | - | 3,960.00 | 3,104.48 | 855.52 |
| 2016 NJ Dept. of Environ Protection-Electric Vehicle | 10,000.00 | | | 10,000.00 |
| 2016 NJ Dept. of Environ Protection-Architectural Survey | 24,999.00 | | | 24,999.00 |
| 2016 NJ Dept. of Transportation-FY 2016 Bikeway Program | 250,000.00 | | | 250,000.00 |
| NJ Trans Trust - 2008 | 35,000.00 | | | 35,000.00 |
| NJ Transportation Trust - FY 2016 | 179,000.00 | | 151,089.81 | 27,910.19 |
| NJ Transportation Trust - FY 2017 | 158,000.00 | | | 158,000.00 |
| NJ Transportation Trust - FY 2018 | - | 156,000.00 | | 156,000.00 |
| 2016 Emergency Management-EMAA Grant | 9,400.00 | | | - |
| 2017 Emergency Management-EMAA Grant | - | 10,000.00 | 9,400.00 | 10,000.00 |
| NJDCA-Intensive Level Survey | 24,999.00 | | | 24,999.00 |
| Total State | 1,519,568.03 | 188,095.15 | 500,732.40 | 1,206,930.78 |
| OTHER GRANTS: | | | | |
| WWI Centennial Memorials Grant | - | 2,000.00 | 2,000.00 | - |
| County of Cape May Open Space-Lafayette Street Park | 1,177,000.00 | | | 1,177,000.00 |
| Total Other | 1,177,000.00 | 2,000.00 | 2,000.00 | 1,177,000.00 |
| \$ | 3,141,568.03 | 878,695.15 | 734,275.40 | 3,285,987.78 |

See Accompanying Auditor's Report

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

| | Balance December 31, 2017 | | 2018 | | Balance Dec. 31, 2018 |
|---|---------------------------|-----------------------------|-------------------|------------------|--------------------------|
| | Appropriated | Reserve for Encumbrances | Appropriations | Encumbrances | |
| FEDERAL GRANTS: | | | | | |
| USHUD - CDBG - Lafayette Street Park | \$ 15,437.83 | | | | 15,437.83 |
| USDA-Rural Development | - | | 35,600.00 | | - |
| USHUD-CDBG Disaster Recovery | - | | 253,000.00 | | 253,000.00 |
| Small Cities Grant - Housing Rehab | 167,695.00 | | | | 167,695.00 |
| Small Cities Grant - ADA Compliance Grant | 270,000.00 | | | | 72.80 |
| Small Cities Grant - Water Trans Main | - | | 400,000.00 | 38,384.36 | 400,000.00 |
| Total Federal | 453,132.83 | - | 688,600.00 | 38,384.36 | 836,205.63 |
| STATE GRANTS: | | | | | |
| Clean Communities - 2015 & 2016 | 151.58 | 1,556.36 | | | 157.00 |
| Clean Communities - 2017 | 18,943.63 | | | | 13,541.73 |
| Clean Communities - 2018 | - | | 18,135.15 | | 18,135.15 |
| Solid Waste Management Grant - Prior | 6,549.13 | | | | 6,549.13 |
| Solid Waste Management Grant - 2014 | 2,121.17 | | | | 2,121.17 |
| Recycling Tonnage | 17,866.47 | 6,236.00 | | | 12,405.47 |
| Recycling Tonnage - 2018 | - | | 16,568.42 | 11,697.00 | 16,568.42 |
| Special Legislative Grant - Convention Hall | 14,412.00 | | | | 14,412.00 |
| Body Armor Grant | 2,851.83 | | | | 1,055.12 |
| Body Armor Grant - 2015 | 4,376.04 | | | 1,796.71 | - |
| Body Armor Grant - 2017 | 2,187.25 | | | 4,376.04 | - |
| Bulletproof Vest Grant - 2016 | 2,397.50 | | | 2,187.25 | |
| Housing Inspections | 26,031.00 | | | | 2,397.50 |
| Housing Inspections | 20,934.00 | | | | 26,031.00 |
| Housing Inspections | 16,658.00 | | | | 20,934.00 |
| Housing Inspections | 15,141.00 | | | | 16,658.00 |
| Housing Inspections - 2017 | - | | 9,341.00 | | 15,141.00 |
| Alcohol Education and Rehabilitation | 1,555.88 | | | | 9,341.00 |
| NJLPS COPS in Shops - 2015 | 1,200.00 | | | | 1,555.88 |
| Sustainable Jersey Small Cities | 1,117.00 | | | | 1,200.00 |
| DOT FY2013 Transportation Trust Fund - CM Ave | 52,783.00 | | | | 1,117.00 |
| 2014 Hazard Mitigation Grant -Energy Allocation | 100,000.00 | | | | 52,783.00 |
| 2015 Hazard Mitigation Grant -Energy Allocation | 100,000.00 | | | | 100,000.00 |
| NJDOT - 2015 Muni Aid CM Ave South Side | 40,034.46 | | | | 100,000.00 |
| Transportation Trust Fund - CM Ave Phase III | 31,248.11 | | | | 40,034.46 |
| Cops in Shops - 2016 | 1,800.00 | | | | 31,248.11 |
| Cops in Shops - 2017 | 1,800.00 | | | | 1,800.00 |
| Cops in Shops - 2018 | - | | 3,960.00 | | 1,800.00 |
| NJDOT - Bikeway Expansion Project | 350,000.00 | | | | 3,960.00 |

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

| | Balance December 31, 2017 | | 2018 | | Balance Dec. 31, 2018 |
|--|---------------------------|-----------------------------|-------------------|------------------|--------------------------|
| | Appropriated | Reserve for Encumbrances | Appropriations | Encumbrances | |
| 2016 NJDEP Historic Preservation Office-Circuit Rider | 65.00 | - | - | 10,218.31 | 65.00 |
| 2016 NJ Dept. of Environ Protection-Electric Vehicle | 10,000.00 | - | 156,000.00 | - | 10,000.00 |
| 2016 NJ Dept. of Environ Protection-Architectural Survey | 24,999.00 | - | - | - | 24,999.00 |
| 2016 NJ Dept. of Transportation-FY 2016 Bikeway Program | 250,000.00 | - | - | - | 250,000.00 |
| NJ Transportation Trust - FY 2016 | 43,210.19 | - | - | - | 43,210.19 |
| NJ Transportation Trust - FY 2017 | 158,000.00 | - | - | 147,781.69 | - |
| NJ Transportation Trust - FY 2018 | - | - | 156,000.00 | - | 156,000.00 |
| 2015 Emergency Management-EMAA Grant | 7,000.00 | - | - | - | 7,000.00 |
| 2016 Emergency Management-EMAA Grant | 9,400.00 | - | - | - | 9,400.00 |
| 2017 Emergency Management-EMAA Grant | - | - | 10,000.00 | - | 10,000.00 |
| NJDCA-Intensive Level Survey | - | 24,999.00 | - | 724.95 | - |
| ANJEC-2017 Open Space Stewardship | 1,500.00 | - | - | - | 1,500.00 |
| Total State | 1,336,333.24 | 32,791.36 | 214,004.57 | 10,943.26 | 1,373,120.33 |
| OTHER GRANTS: | | | | | |
| Geraldine R. Dodge Foundation | 1,913.04 | - | - | - | 1,913.04 |
| Estate of Edward Ross | 25,148.92 | - | - | - | 25,148.92 |
| Estate of Edward Ross - 2016 Educational Purposes | 60,000.00 | - | - | - | 60,000.00 |
| Estate of Edward Ross - 2016 Educational Purposes | 24,000.00 | - | - | - | 24,000.00 |
| Estate of Edward Ross - 2016 Educational Purposes | 15,096.85 | - | - | - | 15,096.85 |
| County of Cape May Open Space-Lafayette St. Park | 1,177,000.00 | - | 2,000.00 | 2,000.00 | 1,177,000.00 |
| WWI Centennial Memorials Grant | - | - | - | - | - |
| Total Other | 1,303,158.81 | - | 2,000.00 | - | 1,303,158.81 |
| \$ | 3,092,624.88 | 32,791.36 | 904,604.57 | 49,327.62 | 3,512,484.77 |

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

| Purpose | Balance Dec. 31, 2017 | Transferred To 2018 Appropriations | Received | Balance Dec. 31, 2018 |
|-----------------------------|--------------------------|--|------------------|--------------------------|
| FEDERAL GRANTS: | | | | |
| None | - | | | - |
| Total Federal | - | - | - | - |
| STATE GRANTS: | | | | |
| Housing Inspections | 9,341.00 | 9,341.00 | 10,644.00 | 10,644.00 |
| NJ Environmental Protection | 2,346.90 | | | 2,346.90 |
| Recycling Tonnage | 16,568.42 | 16,568.42 | | - |
| Total State | <u>28,256.32</u> | <u>25,909.42</u> | <u>10,644.00</u> | <u>12,990.90</u> |
| | <u>\$ 28,256.32</u> | <u>25,909.42</u> | <u>10,644.00</u> | <u>12,990.90</u> |

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

| | | | |
|-----------------------------|-------------------|----|------------------------|
| Balance December 31, 2017 | | \$ | 3,541.20 |
| Increased By Receipts: | | | |
| Dog License Fees | 1,115.00 | | |
| Late Fees | 158.00 | | |
| State License Fees | 232.80 | | |
| Interest Earned | 2.70 | | |
| | <u> </u> | | <u>1,508.50</u> |
| | | | 5,049.70 |
| Decreased By Disbursements: | | | |
| Paid to State of NJ | 237.00 | | |
| Due to Current Fund | 1,201.01 | | |
| Dog Fund Expenditures | 337.00 | | |
| | <u> </u> | | <u>1,775.01</u> |
| Balance December 31, 2018 | | \$ | <u><u>3,274.69</u></u> |

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

| | | |
|------------------------------|------------|-------------------------------|
| Balance December 31, 2017 | | \$ 3,139,241.00 |
| Increased By Receipts: | | |
| Due to Current Fund | 362.50 | |
| Fire Safety | 6,508.94 | |
| Unemployment Contributions | 43,011.38 | |
| Retirement Contributions | 55,057.48 | |
| Lifeguard Pensions | 66,666.89 | |
| Police Forfeiture Account | 0.98 | |
| POAA Receipts | 5,629.63 | |
| Parking Escrow | 34,431.85 | |
| Fishermen's Memorial Account | 78.00 | |
| Police Off-Duty Account | 13,564.11 | |
| Neighborhood Revitalization | 86.31 | |
| Security Deposits | 16.09 | |
| DARE Receipts | 0.34 | |
| SCBG Loan | 451.91 | |
| Public Assistance | 2.15 | |
| Performance Bond | 56,357.89 | |
| Street Opening | 12,331.88 | |
| Flexible Spending | 10,000.00 | |
| Dell as Field | 0.40 | |
| COAH | 108,436.00 | |
| | <hr/> | <hr/> |
| | | 412,994.73 |
| | | <hr/> |
| | | 3,552,235.73 |
| Decreased By Disbursements: | | |
| COAH | 34,951.30 | |
| Unemployment | 15,285.72 | |
| Tax Premiums | 6,900.00 | |
| Police Off-Duty Account | 852.39 | |
| Lifeguard Pensions | 54,082.67 | |
| Retirement Fund | 1,817.06 | |
| POAA | 834.00 | |
| Performance Bond | 141,051.05 | |
| Flexible Spending | 9,209.49 | |
| | <hr/> | <hr/> |
| | | 264,983.68 |
| | | <hr/> |
| Balance December 31, 2018 | | \$ <u><u>3,287,252.05</u></u> |

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

| | | | |
|--------------------------------------|----|----------|----------|
| Balance December 31, 2017 | | \$ | 2,328.19 |
| Increased By: | | | |
| Dog Licenses Fees Collected | \$ | 1,115.00 | |
| Late Fees Collected | | 158.00 | |
| Interest Received | | 2.70 | |
| | | | 1,275.70 |
| | | | 3,603.89 |
| Decreased By: | | | |
| Animal Control Expenditures | | 337.00 | |
| Statutory Excess due to Current Fund | | 694.67 | |
| | | | 1,031.67 |
| Balance December 31, 2018 | | \$ | 2,572.22 |

| License Fees Collected | <u>Year</u> | |
|------------------------|-------------|----------|
| | 2016 | 1,229.75 |
| | 2017 | 1,342.47 |
| | | |
| | \$ | 2,572.22 |

TRUST - OTHER FUND
STATEMENT OF DUE TO CURRENT FUND

| | | |
|--------------------------------------|----|----------------------|
| Balance December 31, 2017 | \$ | 1,201.01 |
| Increased By: | | |
| Statutory Excess due to Current Fund | | <u>694.67</u> |
| | | 1,895.68 |
| Decreased By: | | |
| Statutory Excess due to Current Fund | | <u>1,201.01</u> |
| Balance December 31, 2018 | \$ | <u><u>694.67</u></u> |

TRUST - OTHER FUND
STATEMENT OF DUE (TO)FROM STATE OF NEW JERSEY

| | | |
|-----------------------------|----|----------------------|
| Balance December 31, 2017 | \$ | (12.00) |
| Increased by: | | |
| Paid to State of New Jersey | | <u>237.00</u> |
| | | 225.00 |
| Decreased by: | | |
| Licenses Issued in 2018 | | <u>232.80</u> |
| | | 232.80 |
| Balance December 31, 2018 | \$ | <u><u>(7.80)</u></u> |

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

| | | |
|---|---------------|-------------------------------|
| Balance December 31, 2017 | | \$ 2,143,968.09 |
| Increased by: | | |
| Reserve for Open Space | 222,000.00 | |
| Capital Improvement Fund | 150,000.00 | |
| Grant Receivable Ordinance 263-2013 | 340,361.69 | |
| Pool Ordinance 2014-283 | 75,000.00 | |
| Due from Current Fund - BAN Paydown | 195,000.00 | |
| Due from W/S Operating Fund - BAN Paydown | 15,000.00 | |
| Due from Beach Operating Fund - BAN Paydown | 10,000.00 | |
| Bond Premium | 106,221.30 | |
| Bond Anticipation Notes | 10,155,000.00 | |
| | <hr/> | <u>11,268,582.99</u> |
| | | 13,412,551.08 |
| Decreased by: | | |
| Improvement Authorizations | 1,930,933.89 | |
| Bond Anticipation Notes | 8,350,000.00 | |
| Reserve for Payment of Bonds | 150,000.00 | |
| | <hr/> | <u>10,430,933.89</u> |
| Balance December 31, 2018 | | \$ <u><u>2,981,617.19</u></u> |

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

| | Balance | | Receipts | | Disbursements | | Transfers | | Balance |
|--|-----------------|--|---------------|--------------|----------------------------|---------------|--------------|--------------|----------------|
| | Dec. 31, 2017 | | Miscellaneous | Debt Issued | Improvement Authorizations | Miscellaneous | From | To | |
| Fund Balance | \$ 237,980.45 | | 181,221.30 | | | | | 100,000.00 | 519,201.75 |
| Capital Improvement Fund | 14,301.00 | | 150,000.00 | | | | 100,000.00 | | 64,301.00 |
| Encumbrances Payable | 1,098,113.32 | | | | | | 1,098,113.32 | 1,249,444.81 | 1,249,444.81 |
| Reserve for Payment of Bonds | 595,382.19 | | | | | 150,000.00 | | | 445,382.19 |
| Reserve for Open Space | 2,164,569.00 | | 222,000.00 | | | | | | 2,386,569.00 |
| Reserve Other - Mall Improvements | 26,575.60 | | | | | | | | 26,575.60 |
| NJEIT Loan Receivable | (35,670.53) | | | | | | | | (35,670.53) |
| State Grant Receivable | (348,066.77) | | | | | | | | (348,066.77) |
| Due from Current Fund | - | | | | | | 25,000.00 | | (25,000.00) |
| Due to Beach Operating Fund | - | | 10,000.00 | | | | | | 10,000.00 |
| Due to W/S Operating Fund | - | | 15,000.00 | | | | | | 15,000.00 |
| Improvement Authorizations: | | | | | | | | | |
| 1122 Various Capital Improvements | 2,705.80 | | | | | | | | 2,705.80 |
| 1153 Rehabilitation to Bus/Train Station | 30,051.05 | | | | | | | | 30,051.05 |
| 1261 Property Acquisition | 2,890.28 | | | | | | | | 2,890.28 |
| 1264 Property Acquisition | (11,102.02) | | | | | | | | (11,102.02) |
| 1324 Property Acquisition | 61,332.52 | | | | | | | | 61,332.52 |
| 28-2005 Various Capital Improvements | 3,735.25 | | | | | | | | 3,735.25 |
| 72-2006 Entrance Way Improvements | 1,070.94 | | | | | | | | 1,070.94 |
| 79-2006 Various Improvements | 48,346.80 | | | | | | | | 48,346.80 |
| 104-2007 Washington Street Mall | (164,981.04) | | | | | | | | (164,981.04) |
| 110-2007 Various Improvements | 515.85 | | | | | | | | 515.85 |
| 113-2007 Harborview Park | 694.80 | | | | | | | | 694.80 |
| 151-2008 Various Improvements | (78,870.20) | | | | | | | | (78,870.20) |
| 161-2008 Convention Hall | 92.50 | | | | | | | | 92.50 |
| 167-2008 Rotary Park | - | | | | | | | | - |
| 180-2009 Various Improvements | (99,524.84) | | | | | | | | (99,524.84) |
| 205-2010 Storm Water Collection | (14,631.65) | | | | | | | | (14,631.65) |
| 206-2010 Various Improvements | (63,606.78) | | | | | | | | (63,606.78) |
| 232-2011 Various Improvements | 63,456.79 | | | | | | | | 63,456.79 |
| 235-2011 ADA Improvements | 1,586.84 | | | | | | | | 1,586.84 |
| 252-2012 Various Improvements | 54,771.16 | | | | | | | | 54,771.16 |
| 263-2013 Acquisition of Open Space | (1,834,167.48) | | | | | | | | (1,834,167.48) |
| 269-2013 Various Improvements | 333,701.15 | | | | | | | | 333,701.15 |
| 270-2013 Various Improvements | (10,720.20) | | | | | | | | (10,720.20) |
| 279-2014 Various Improvements | 384,742.57 | | | | | | | | 384,742.57 |
| 283-2014 Pool Improvements | 92,652.03 | | | | | | | | 92,652.03 |
| 289-2015 Seawall Feasibility | 23,120.73 | | | | | | | | 23,120.73 |
| 292-2015 Various Improvements | 31,110.62 | | | | | | | | 31,110.62 |
| 302-2016 Various Improvements | 6,755.05 | | | | | | | | 6,755.05 |
| 306-2016 Various Improvements | (614,449.02) | | | | | | | | (614,449.02) |
| 311-2016 Improvements to Lafayette Street Park | 880,400.00 | | | 800,000.00 | | | | | 880,400.00 |
| 315-2017 Various Improvements | (740,895.67) | | | 1,000,000.00 | | | | | (740,895.67) |
| 343-2018 Preliminary Expenses for the Construction of a new Public Safety Building | - | | | 200,000.00 | | | | | - |
| 352-2018 Various Improvements | - | | | 206,072.91 | | | | | - |
| | \$ 2,143,968.09 | | 918,582.99 | 2,000,000.00 | 1,930,933.89 | 150,000.00 | 2,547,558.13 | 2,547,558.13 | 2,981,617.19 |

See Accompanying Auditor's Report

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

| | | |
|-----------------------------------|------------|--------------|
| Balance December 31, 2017 | | \$ 14,301.00 |
| Increased by: | | |
| Budget Appropriation | 150,000.00 | |
| | 150,000.00 | 150,000.00 |
| | | 164,301.00 |
| Decreased by: | | |
| Improvement Authorizations Funded | 100,000.00 | |
| | 100,000.00 | 100,000.00 |
| Balance December 31, 2018 | | \$ 64,301.00 |

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

| | | |
|---------------------------------|--------------|-------------------------|
| Balance December 31, 2017 | | \$ 15,195,622.09 |
| Increased by: | | |
| None | - | |
| | <hr/> | <hr/> |
| | | - |
| | | 15,195,622.09 |
| Decreased by: | | |
| Serial Bonds Paid | 1,937,463.01 | |
| Green Trust Loan Principal Paid | 17,301.12 | |
| NJEIT Bonds & Loans | 21,765.97 | |
| | <hr/> | <hr/> |
| | | 1,976,530.10 |
| Balance December 31, 2018 | | \$ <u>13,219,091.99</u> |

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

| Ord # | Improvement Description | 2017 | | 2018 | | Balance Dec. 31, 2018 | Bond Anticipation Notes | Analysis of Balance | |
|----------|---|--------------------------|---------------------|-------------------|-----------------------------|--------------------------|-------------------------------|---------------------|---|
| | | Balance Dec. 31, 2017 | Authorizations | Other | Raised in 2018 Budget | | | Expenditures | Unexpended Improvement Authorizations |
| 1261 | Property Acquisition | \$ 300,000.00 | | | | 300,000.00 | | | 300,000.00 |
| 1264 | Property Acquisition | 15,985,000.00 | | | | 15,985,000.00 | | 11,102.02 | 15,973,897.98 |
| 104-2007 | Washington Street Mall | 165,000.00 | | | | 165,000.00 | | 164,981.04 | 18.96 |
| 151-2008 | Various Improvements | 80,000.00 | | | | 80,000.00 | | 78,870.20 | 1,129.80 |
| 161-2008 | Construction of New Convention Hall | 1,250.00 | | | | 1,250.00 | | | 1,250.00 |
| 180-2009 | Various Improvements | 100,000.00 | | | | 100,000.00 | | 99,524.84 | 475.16 |
| 205-2010 | Storm Water Collection | 61,250.00 | | | | 61,250.00 | | 14,631.65 | 46,618.35 |
| 206-2010 | Various Improvements | 75,000.00 | | | | 75,000.00 | | 63,606.78 | 11,393.22 |
| 232-2011 | Various Improvements | 25,000.00 | | | | 25,000.00 | 1,035,000.00 | | 25,000.00 |
| 252-2012 | Various Improvements | 1,125,000.00 | | | 90,000.00 | 1,035,000.00 | | | - |
| 263-2013 | Acquisition of Open Space | 2,395,846.66 | | 340,361.69 | | 2,055,484.97 | | 1,493,805.79 | 561,679.18 |
| 289-2013 | Various Improvements | 1,375,000.00 | | | 25,000.00 | 1,350,000.00 | 1,350,000.00 | | - |
| 270-2013 | Storm Water Collection System | 261,250.00 | | | 10,000.00 | 251,250.00 | | 10,720.20 | 529.80 |
| 279-2014 | Various Improvements | 1,425,000.00 | | | 50,000.00 | 1,375,000.00 | 1,300,000.00 | | 75,000.00 |
| 283-2014 | Pool Improvements | 875,000.00 | | (75,000.00) | 5,000.00 | 945,000.00 | 945,000.00 | | 0.00 |
| 289-2015 | Seawall Feasibility | 475,000.00 | | | 15,000.00 | 460,000.00 | | | 185,000.00 |
| 292-2015 | Various Improvements | 1,424,691.00 | | | | 1,424,691.00 | 1,350,000.00 | | 74,691.00 |
| 306-2016 | Improvements to Lafayette Street Park | 2,850,000.00 | | | | 2,850,000.00 | 2,460,000.00 | 328,498.75 | 61,501.25 |
| 315-2017 | Various Improvements | 500,000.00 | | | | 500,000.00 | | | 500,000.00 |
| 343-2018 | Preliminary Expenses for the Construction of a new Public Safety Building | 1,628,585.00 | | | | 1,628,585.00 | 1,000,000.00 | 317,876.15 | 310,708.85 |
| 352-2018 | Various Improvements | - | 285,000.00 | | | 285,000.00 | 200,000.00 | | 85,000.00 |
| | | - | 1,615,000.00 | | | 1,615,000.00 | | 734,795.78 | 880,204.22 |
| | | <u>\$ 31,127,872.66</u> | <u>1,900,000.00</u> | <u>265,361.69</u> | <u>195,000.00</u> | <u>32,567,510.97</u> | <u>10,155,000.00</u> | <u>3,318,413.20</u> | <u>19,094,097.77</u> |

Improvement Authorizations Unfunded

Less: Unexpended Proceeds of Bond

Anticipation Notes Issued:

Ord. Number

| | |
|----------|--------------|
| 161-2008 | (92.50) |
| 232-2011 | (62,476.42) |
| 252-2012 | (44,629.85) |
| 269-2013 | (333,435.11) |
| 279-2014 | (378,644.57) |
| 283-2014 | (19,652.03) |
| 289-2015 | (22,063.23) |
| 292-2015 | (38,601.42) |
| 343-2018 | (151,925.00) |

(1,051,520.13)

19,094,097.77

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

| Ord # | Improvement Description | Ord. Date | Amount | Balance December 31, 2017 | | Authorizations | | Balance December 31, 2018 | |
|----------|---|------------|------------|---------------------------|-----------------|------------------|-------------------------------------|---------------------------|------------------|
| | | | | Funded | Unfunded | Other Funding | Deferred Charges to Future Taxation | Funded | Unfunded |
| | | | | | | | | | |
| 1122 | Various Improvements | 4/1/1991 | 392,450 | | 2,705.80 | | | 2,705.80 | |
| 1153 | Bus/Train Station | 6/22/1998 | 600,000 | | 30,051.05 | | | 30,051.05 | |
| 1261 | Property Acquisition | 5/21/2002 | 475,000 | | 2,890.28 | | | 2,890.28 | |
| 1264 | Property Acquisition | 6/18/2002 | 16,000,000 | 300,000.00 | | | | | 300,000.00 |
| 1324 | Property Acquisition | 2/17/2004 | 1,100,000 | 15,973,897.98 | | | | | 15,973,897.98 |
| 28-2005 | Various Improvements | 5/17/2005 | 2,050,000 | | 61,332.52 | | | 61,332.52 | |
| 72-2006 | Entrance Way Improvements | 8/15/2006 | 280,000 | | 3,735.25 | | | 3,735.25 | |
| 79-2006 | Various Improvements | 10/17/2006 | 1,500,000 | | 1,070.94 | | | 1,070.94 | |
| 104-2007 | Washington Street Mall | 5/15/2007 | 3,500,000 | 18.96 | | | | | 18.96 |
| 110-2007 | Various Improvements | 6/19/2007 | 1,200,000 | | 515.85 | | | 515.85 | |
| 113-2007 | Harborview Park | 7/17/2007 | 102,109 | | 694.80 | | | 694.80 | |
| 151-2008 | Various Improvements | 5/20/2008 | 1,400,000 | | | | | | 1,129.80 |
| 161-2008 | Construction of a New Convention Hall | 8/19/2008 | 10,500,000 | | 1,342.50 | | | 1,342.50 | |
| 180-2009 | Various Improvements | 5/19/2009 | 1,000,000 | | 475.16 | | | 475.16 | |
| 205-2010 | Storm Water Collection | 5/18/2010 | 275,000 | | 46,618.35 | | | 46,618.35 | |
| 206-2010 | Various Improvements | 6/15/2010 | 1,500,000 | | 11,393.22 | | | 11,393.22 | |
| 232-2011 | Various Improvements | 3/22/2011 | 1,500,000 | | 88,456.79 | | | 88,456.79 | |
| 235-2011 | ADA Improvements | 6/8/2011 | 500,000 | | 1,586.84 | | | 1,586.84 | |
| 252-2012 | Various Improvements | 5/15/2012 | 2,080,000 | | 54,771.16 | | | 54,771.16 | |
| 263-2013 | Acquisition of Open Space | 3/19/2013 | 3,400,000 | | 561,679.18 | | | 561,679.18 | |
| 289-2013 | Various Improvements | 5/21/2013 | 1,900,000 | | 333,701.15 | | | 333,435.11 | |
| 270-2013 | Storm Water Collection System | 6/3/2013 | 275,000 | | 529.80 | | | 529.80 | |
| 279-2014 | Various Improvements | 6/2/2014 | 1,900,000 | | 459,742.57 | | | 453,644.57 | |
| 283-2014 | Pool Improvements | 9/2/2014 | 1,000,000 | | 17,652.03 | | | 19,652.03 | |
| 289-2015 | Seawall Feasibility | 2/17/2015 | 500,000 | | 208,120.73 | | | 207,063.23 | |
| 292-2015 | Various Improvements | 5/19/2015 | 1,499,675 | | 105,801.62 | | | 113,292.42 | |
| 302-2016 | Various Improvements | 3/15/2016 | 375,000 | | 6,755.05 | | | 4,461.78 | |
| 306-2016 | Various Improvements | 5/17/2016 | 3,000,000 | | 575,550.98 | | | 61,501.25 | |
| 311-2016 | Improvements to Lafayette Street Park | 11/14/2016 | 1,500,000 | | 500,000.00 | | | 500,000.00 | |
| 315-2017 | Various Improvements | 5/16/2017 | 3,000,000 | | 887,689.33 | | | 783,381.30 | |
| 343-2018 | Preliminary Expenses for the Construction of a new Public Safety Building | 3/20/2018 | 300,000 | | | 15,000.00 | | 236,925.00 | |
| 352-2018 | Various Improvements | 6/19/2018 | 1,700,000 | | | 85,000.00 | | 880,204.22 | |
| | | | | | \$ 1,038,498.34 | \$ 20,130,158.15 | \$ 2,082,265.38 | \$ 940,773.21 | \$ 20,145,617.90 |

See Accompanying Auditor's Report

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding December 31, 2018 | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|----------------------------------|---------------|--------------------------|---|------------|---------------|-----------------------|-----------|--------------|-----------------------|
| | | | Date | Amount | | | | | |
| Storm Drainage Bonds of 1981 | 1/23/1981 | 2,097,000 | 1/20/2019 | 112,836.16 | 5.000% \$ | 337,379.72 | | 107,463.01 | 229,916.71 |
| | | | 1/20/2020 | 117,080.55 | | | | | |
| General Obligation Bonds of 2008 | 10/1/2008 | 6,340,000 | 10/1/2019 | 650,000.00 | 4.000% | 1,300,000.00 | | 650,000.00 | 650,000.00 |
| General Obligation Bonds of 2013 | 7/15/2013 | 10,700,000 | 7/15/2019 | 750,000.00 | 3.000% | 8,590,000.00 | | 700,000.00 | 7,890,000.00 |
| | | | 7/15/2020 | 800,000.00 | 3.000% | | | | |
| | | | 7/15/2021 | 850,000.00 | 3.000% | | | | |
| | | | 7/15/2022 | 920,000.00 | 3.000% | | | | |
| | | | 7/15/2023 | 920,000.00 | 3.250% | | | | |
| | | | 7/15/2024 | 920,000.00 | 3.500% | | | | |
| | | | 7/15/2025 | 920,000.00 | 4.000% | | | | |
| 7/15/2026 | 920,000.00 | 4.000% | | | | | | | |
| 7/15/2027 | 890,000.00 | 4.000% | | | | | | | |
| General Obligation Bonds of 2014 | 6/17/2014 | 6,035,000 | 7/15/2019 | 490,000.00 | 3.000% | 4,735,000.00 | | 480,000.00 | 4,255,000.00 |
| | | | 7/15/2020 | 500,000.00 | 3.000% | | | | |
| | | | 7/15/2021 | 530,000.00 | 3.000% | | | | |
| | | | 7/15/2022 | 560,000.00 | 3.000% | | | | |
| | | | 7/15/2023 | 660,000.00 | 3.000% | | | | |
| | | | 7/15/2024 | 700,000.00 | 3.000% | | | | |
| 7/15/2025 | 815,000.00 | 3.000% | | | | | | | |
| | | | | | | \$ 14,962,379.72 | - | 1,937,463.01 | 13,024,916.71 |

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding December 31, 2018 | Interest Rate | Balance Dec. 31, 2017 | Maturities of Bonds Outstanding December 31, 2018 | | Balance Dec. 31, 2018 |
|-----------------|---------------|--------------------------|--|---------------|-----------------------|--|-----------|-----------------------|
| | | | | | | Date | Amount | |
| Harborview Park | 11/3/2005 | 324,621 | | 2.000% | \$ 148,547.43 | | 17,301.12 | 131,246.31 |
| | | | | | \$ 148,547.43 | | 17,301.12 | 131,246.31 |

This loan is paid semi annually. The amount for principal and interest is \$10,093.00. The loan ends on August 9, 2025.

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

| Improvement Description | Ordinance Number | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance | |
|--|------------------|------------------------|---------------|------------------|---------------|---------------------|----------------------|
| | | | | | | Dec. 31, 2017 | Dec. 31, 2018 |
| Various Improvements | 252-2012 | 7/18/2013 | 7/14/2017 | 7/13/2018 | 2.000% | \$ 1,125,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 1,035,000.00 | 1,125,000.00 |
| Various Improvements | 269-2013 | 5/21/2013 | 7/14/2017 | 7/13/2018 | 2.000% | 1,375,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 1,350,000.00 | 1,375,000.00 |
| Storm Water Collection System | 270-2013 | 7/16/2015 | 7/14/2017 | 7/13/2018 | 2.000% | 250,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 240,000.00 | 250,000.00 |
| Various Improvements | 279-2014 | 7/16/2015 | 7/14/2017 | 7/13/2018 | 2.000% | 1,350,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 1,300,000.00 | 1,350,000.00 |
| Pool Improvements | 283-2014 | 7/16/2015 | 7/14/2017 | 7/13/2018 | 2.000% | 950,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 945,000.00 | 950,000.00 |
| Seawall Feasibility | 289-2015 | 7/16/2015 | 7/14/2017 | 7/13/2018 | 2.000% | 290,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 275,000.00 | 290,000.00 |
| Various Improvements | 292-2015 | 7/16/2016 | 7/14/2017 | 7/13/2018 | 2.000% | 1,350,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 1,350,000.00 | 1,350,000.00 |
| Various Improvements | 306-2016 | 7/16/2016 | 7/14/2017 | 7/13/2018 | 2.000% | 1,660,000.00 | - |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 2,460,000.00 | 1,660,000.00 |
| Various Improvements | 315-2017 | 7/13/2018 | 7/13/2018 | 7/12/2019 | 3.000% | - | 1,000,000.00 |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 200,000.00 | 200,000.00 |
| Preliminary Expenses for the Constuction of a new Public Safety Building | 343-2018 | 7/13/2018 | 7/13/2018 | 7/12/2019 | 3.000% | - | 1,000,000.00 |
| | | | 7/13/2018 | 7/12/2019 | 3.000% | 200,000.00 | 200,000.00 |
| \$ | | | | | | 8,350,000.00 | 10,155,000.00 |
| | | | | | | 8,350,000.00 | 10,155,000.00 |

See Accompanying Auditor's Report

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

| Ordinance Number | Improvement Description | Balance Dec. 31, 2017 | 2018 Authorizations | Debt Issued | Other | Balance Dec. 31, 2018 |
|------------------|---|--------------------------|------------------------|---------------------|-------------------|--------------------------|
| | | \$ | | | | |
| 1261 | Property Acquisition | 300,000.00 | | | | 300,000.00 |
| 1264 | Property Acquisition | 15,985,000.00 | | | | 15,985,000.00 |
| 104-2007 | Washington Street Mall | 165,000.00 | | | | 165,000.00 |
| 151-2008 | Various Improvements | 80,000.00 | | | | 80,000.00 |
| 161-2008 | Construction of a New Convention Hall | 1,250.00 | | | | 1,250.00 |
| 180-2009 | Various Improvements | 100,000.00 | | | | 100,000.00 |
| 205-2010 | Storm Water Collection | 61,250.00 | | | | 61,250.00 |
| 206-2010 | Various Improvements | 75,000.00 | | | | 75,000.00 |
| 232-2011 | Various Improvements | 25,000.00 | | | | 25,000.00 |
| 263-2013 | Acquisition of Open Space | 2,395,846.66 | | | 340,361.69 | 2,055,484.97 |
| 270-2013 | Storm Water Collection System | 11,250.00 | | | | 11,250.00 |
| 279-2014 | Various Improvements | 75,000.00 | | | | 75,000.00 |
| 283-2014 | Pool Improvements | (75,000.00) | | | (75,000.00) | - |
| 289-2015 | Seawall Feasibility | 185,000.00 | | | | 185,000.00 |
| 292-2015 | Various Improvements | 74,691.00 | | | | 74,691.00 |
| 306-2016 | Various Improvements | 1,190,000.00 | | 800,000.00 | | 390,000.00 |
| 311-2016 | Improvements to Lafayette Street Park | 500,000.00 | | | | 500,000.00 |
| 315-2017 | Various Improvements | 1,628,585.00 | | 1,000,000.00 | | 628,585.00 |
| 343-2018 | Preliminary Expenses for the Construction of a new Public Safety Building | - | 285,000.00 | 200,000.00 | | 85,000.00 |
| 352-2018 | Various Improvements | - | 1,615,000.00 | | | 1,615,000.00 |
| | | <u>\$ 22,777,872.66</u> | <u>1,900,000.00</u> | <u>2,000,000.00</u> | <u>265,361.69</u> | <u>22,412,510.97</u> |

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

| | Operating Fund | Capital Fund |
|-----------------------------------|-------------------------------|----------------------------|
| Balance December 31, 2017 | \$ 1,675,032.33 | 922,627.28 |
| Increased by Receipts: | | |
| Water and Sewer Rent Collected | 6,268,144.19 | |
| Reimbursements | 68,773.57 | |
| Capital Improvement Fund | | 10,000.00 |
| Due from Utility Capital Fund | 6,275.00 | |
| Due from Current Fund | 9,723.35 | |
| Bond Anticipation Note | | 1,000,000.00 |
| Bond Premium | | 38,022.10 |
| NJEIT Loans Receivable - 2018 A-1 | 131,000.00 | 1,275,942.00 |
| Reserve for Debt Service | 67,922.16 | |
| Miscellaneous Revenue | | |
| | <u>6,551,838.27</u> | <u>2,323,964.10</u> |
| | 8,226,870.60 | 3,246,591.38 |
| Decreased by Disbursements: | | |
| Current Appropriations | 6,669,095.49 | |
| Appropriation Reserves | 287,021.84 | |
| Improvement Authorizations | | 1,325,549.80 |
| Reserve for Debt Service | | 131,000.00 |
| Due from General Capital | | 15,000.00 |
| Due to Current Fund | 10,368.60 | |
| Due to Utility Operating Fund | | 6,275.00 |
| | <u>6,966,485.93</u> | <u>1,477,824.80</u> |
| Balance December 31, 2018 | \$ <u><u>1,260,384.67</u></u> | <u><u>1,768,766.58</u></u> |

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

| | Balance Dec. 31, 2017 | | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2018 |
|--------------------------------------|--------------------------|--|---------------------|---------------------|----------------------------|---------------|---------------------|---------------------|--------------------------|
| | | | Miscellaneous | Debt Issued | Improvement Authorizations | Miscellaneous | From | To | |
| \$ | 340,284.24 | | 38,022.10 | | | | | | 378,306.34 |
| Capital Improvement Fund | 130,000.00 | | 10,000.00 | | | | | | 140,000.00 |
| Due from Utility Operating | 6,275.00 | | | | | 6,275.00 | | | - |
| Reserve for Debt Service | 650,817.60 | | | | | 131,000.00 | | | 519,817.60 |
| Reserve for Amortization | 614,830.00 | | | | | | | | 614,830.00 |
| NJEIT Loans Receivable | (37,126.47) | | | | | | | | (37,126.47) |
| NJEIT Loans Receivable - 2018 A-1 | - | | 1,275,942.00 | | | | 1,682,948.00 | | (407,006.00) |
| Encumbrances Payable | 1,090,114.45 | | | | | | 1,090,114.45 | | 511,747.97 |
| Due from General Capital | - | | | | | 15,000.00 | | | (15,000.00) |
| <u>Improvement Authorizations:</u> | | | | | | | | | |
| 1291 Various Utility Improvements | 3,085.29 | | | | | | | | 3,085.29 |
| 36-2005 Various Utility Improvements | (41,070.74) | | | | | | | | (41,070.74) |
| 61-2006 System Improvements | 6,984.19 | | | | | | | | 6,984.19 |
| 62-2006 System Improvements (USDA) | 7,636.84 | | | | | | | | 7,636.84 |
| 109-2007 System Improvements | 7,007.17 | | | | | | | | 7,007.17 |
| 149-2008 System Improvements | 6,214.64 | | | | | | | | 6,214.64 |
| 154-2008 System Improvements | 13,024.66 | | | | | | | | 13,024.66 |
| 155-2008 System Improvements | (312,395.11) | | | | | | | | (312,395.11) |
| 179-2009 System Improvements | 98,907.16 | | | | | | | | 98,907.16 |
| 207-2010 System Improvements | (14,541.87) | | | | | | | | (14,541.87) |
| 230-2011 System Improvements | 126,298.34 | | | | 9,911.83 | | 531.00 | 257,915.33 | 373,770.84 |
| 250-2012 System Improvements | (455,060.04) | | | | 35,168.19 | | 4,098.38 | 423,681.57 | (70,665.04) |
| 268-2013 System Improvements | (420,832.59) | | | | 2,000.00 | | 19,212.06 | 419,212.06 | (22,832.59) |
| 281-2014 System Improvements | (463,265.40) | | | | 262,858.89 | | 27,934.95 | 687,841.94 | (66,217.30) |
| 293-2015 System Improvements | (206,662.25) | | | | 136,705.49 | | 48,558.51 | 247,109.76 | (144,816.49) |
| 298-2015 System Improvements | (44,800.00) | | | | 15,490.19 | | 1,295.00 | 204,679.79 | 143,094.60 |
| 307-2016 System Improvements | (155,111.83) | | | | 495,736.30 | | 165,167.98 | 532,622.00 | 16,605.89 |
| 316-2017 System Improvements | (27,966.00) | | | | 700,000.00 | | 213,350.09 | | 121,605.00 |
| 353-2018 System Improvements | - | | | | 30,600.00 | | 31,600.00 | | (62,200.00) |
| | <u>922,627.28</u> | | <u>1,323,964.10</u> | <u>1,000,000.00</u> | <u>1,325,549.80</u> | | <u>3,284,810.42</u> | <u>3,284,810.42</u> | <u>1,768,766.58</u> |

See Accompanying Auditor's Report

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

| | | | |
|--------------------------------------|--------------|----|-------------------------|
| Balance December 31, 2017 | | \$ | 22,255.66 |
| Increased by Receipts: | | | |
| Consumer Accounts Charges and Levies | 6,268,178.17 | | |
| Overpayments Created | 34,476.32 | | |
| | <hr/> | | <hr/> |
| | | | 6,302,654.49 |
| | | | 6,324,910.15 |
| Decreased by Disbursements: | | | |
| Collections | 6,268,144.19 | | |
| Overpayments Applied | 41,551.14 | | |
| | <hr/> | | <hr/> |
| | | | 6,309,695.33 |
| Balance December 31, 2018 | | \$ | <u><u>15,214.82</u></u> |

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS**

| | | | |
|-----------------------------|-------|----|-----------------|
| Balance December 31, 2017 | | \$ | - |
| Increased by Receipts: | | | |
| None | - | | |
| | <hr/> | | <hr/> |
| | | | - |
| Decreased by Disbursements: | | | |
| None | - | | |
| | <hr/> | | <hr/> |
| | | | - |
| Balance December 31, 2018 | | \$ | <u><u>-</u></u> |

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

| | Balance Dec. 31, 2017 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|--|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 97,300.80 | 97,300.80 | | 97,300.80 | - |
| Other Expenses | 409,458.49 | 409,458.49 | 287,021.84 | 122,436.65 | - |
| Deferred Charges and Statutory Expenditures: | | | | | |
| PERS | 1,000.00 | 1,000.00 | | 1,000.00 | - |
| Social Security System (O.A.S.I.) | 12,992.40 | 12,992.40 | | 12,992.40 | - |
| | <u>\$ 520,751.69</u> | <u>520,751.69</u> | <u>287,021.84</u> | <u>233,729.85</u> | <u>-</u> |

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

| | | | |
|-----------------------------------|------------|----|------------|
| Balance December 31, 2017 | | \$ | 149,699.13 |
| Increased by: | | | |
| Budget Appropriations | 162,940.19 | | |
| | 162,940.19 | | 312,639.32 |
| Decreased By: | | | |
| Payments of Debt Service Interest | 149,699.13 | | |
| | 149,699.13 | | 162,940.19 |
| Balance December 31, 2018 | | \$ | 162,940.19 |

Analysis of Accrued Interest December 31, 2018

| Principal Outstanding December 31, 2018 | Interest Rate | From | To | Days | Amount |
|---|------------------|------------|------------|------|------------|
| 208,709.66 | 5.00% | 7/20/2018 | 12/31/2018 | 164 | 3,609.67 |
| 29,850.00 | 5.00% | 12/24/2018 | 12/31/2018 | 7 | 25.64 |
| 300,000.00 | Var. | 10/1/2018 | 12/31/2018 | 91 | 4,500.00 |
| 1,530,000.00 | Var. | 7/15/2018 | 12/31/2018 | 169 | 22,664.58 |
| 1,771,243.07 | 4.50% | 12/15/2018 | 12/31/2018 | 16 | 3,295.00 |
| 1,038,569.90 | 4.25% | 12/15/2018 | 12/31/2018 | 16 | 12,206.22 |
| 1,141,290.65 | 3.75% | 2/1/2018 | 12/31/2018 | 333 | 7,105.25 |
| 1,278,245.52 | 3.75% | 2/1/2018 | 12/31/2018 | 333 | 7,957.88 |
| 15,300.00 | 5.00% | 10/17/2018 | 12/31/2018 | 75 | 308.13 |
| 22,950.00 | 5.00% | 10/17/2018 | 12/31/2018 | 75 | 462.19 |
| 1,900,000.00 | 3.00% | 7/15/2018 | 12/31/2018 | 169 | 26,125.00 |
| 1,514,662.57 | 4.50% | 7/18/2018 | 12/31/2018 | 166 | 27,177.51 |
| 430,000.00 | Var. | 8/1/2018 | 12/31/2018 | 150 | 6,609.37 |
| 3,635,000.00 | 2.00% | 7/15/2018 | 12/31/2018 | 169 | 40,893.75 |
| 14,815,821.37 | | | | | 162,940.19 |

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

| Ord # | Improvement Description | Ord. Date | Amount | Balance December 31, 2017 | | | Authorizations | | | Balance December 31, 2018 | |
|----------|------------------------------|------------|-----------|---------------------------|--------------|---------------|-------------------------------------|-----------------|-------------|---------------------------|--------------|
| | | | | Funded | Unfunded | Other Funding | Deferred Charges to Future Taxation | Paid or Charged | Funded | Unfunded | |
| 1291 | Various Utility Improvements | 4/14/2003 | 550,000 | \$ 3,085.29 | | | | | 3,085.29 | | |
| 36-2005 | Various Utility Improvements | 6/21/2005 | 2,000,000 | | 75,465.26 | | | | | | 75,465.26 |
| 61-2006 | Various Utility Improvements | 5/16/2006 | 1,000,000 | 6,984.19 | | | | | 6,984.19 | | |
| 62-2006 | Various Utility Improvements | 5/16/2006 | 1,500,000 | 7,636.84 | | | | | 7,636.84 | | |
| 109-2007 | System Improvements | 6/19/2007 | 1,000,000 | 7,007.17 | | | | | 7,007.17 | | |
| 149-2008 | System Improvements | 5/20/2008 | 1,000,000 | 6,214.64 | | | | | 6,214.64 | | |
| 154-2008 | System Improvements | 6/17/2008 | 2,000,000 | 13,024.66 | | | | | 13,024.66 | | |
| 155-2008 | System Improvements | 6/17/2008 | 2,100,000 | | 2,604.89 | | | | | | 2,604.89 |
| 179-2009 | System Improvements | 5/19/2009 | 900,000 | 98,907.16 | 200,000.00 | | | | 98,907.16 | | 200,000.00 |
| 207-2010 | System Improvements | 6/15/2010 | 1,000,000 | | 35,458.13 | | | | | | 35,458.13 |
| 230-2011 | System Improvements | 3/22/2011 | 1,350,000 | 126,298.34 | 350,000.00 | | | | 373,770.84 | | 101,600.00 |
| 250-2012 | System Improvements | 5/15/2012 | 1,263,000 | | 107,919.96 | | | | 15,585.00 | | 92,334.96 |
| 268-2013 | System Improvements | 5/21/2013 | 1,050,000 | | 29,167.41 | | | | 2,000.00 | | 27,167.41 |
| 281-2014 | System Improvements | 6/2/2014 | 1,150,000 | | 86,734.60 | | | | - | | 86,734.60 |
| 293-2015 | System Improvements | 5/19/2015 | 994,000 | | 237,337.75 | | | | (22,190.65) | | 259,528.40 |
| 298-2015 | System Improvements | 12/15/2015 | 500,000 | | 455,200.00 | | | | 9,950.19 | | 302,155.21 |
| 307-2016 | System Improvements | 5/17/2016 | 1,200,000 | | 144,888.17 | | | | 128,282.28 | | 16,605.89 |
| 316-2017 | System Improvements | 5/16/2017 | 769,000 | | 741,034.00 | | | | 550,429.00 | | 69,000.00 |
| 353-2018 | System Improvements | 6/19/2018 | 1,019,000 | | - | | | | 62,200.00 | | 956,800.00 |
| | | | | \$ 269,158.29 | 2,465,810.17 | | | | 747,183.32 | 797,936.28 | 2,208,848.86 |

See Accompanying Auditor's Report

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Increased | Decreased | Balance Dec. 31, 2018 |
|------------------------------|---------------|--------------------------|---------------------------------|------------|---------------|-----------|--------------|-----------------------|
| | | | Date | Amount | | | | |
| System Improvements | 1/20/1981 | 1,903,000 | 1/20/2019 | 102,393.52 | 5.000% \$ | | 97,517.64 | 208,709.66 |
| | | | 1/20/2020 | 106,316.14 | | | | |
| Improvement to Water Tower | 6/24/1983 | 142,500 | 6/24/2019 | 6,955.00 | 5.000% | | 6,625.00 | 29,850.00 |
| | | | 6/24/2020 | 7,305.00 | | | | |
| | | | 6/24/2021 | 7,670.00 | | | | |
| | | | 6/24/2022 | 7,920.00 | | | | |
| Various Capital Improvements | 11/1/2008 | 3,630,000 | 10/1/2019 | 150,000.00 | 4.00% | | 240,000.00 | 300,000.00 |
| | | | 10/1/2020 | 150,000.00 | 4.00% | | | |
| Various Capital Improvements | 7/15/2013 | 2,335,000 | 7/15/2019 | 190,000.00 | 3.00% | | 180,000.00 | 1,530,000.00 |
| | | | 7/15/2020 | 200,000.00 | 3.00% | | | |
| | | | 7/15/2021 | 210,000.00 | 3.00% | | | |
| | | | 7/15/2022 | 240,000.00 | 3.00% | | | |
| | | | 7/15/2023 | 260,000.00 | 3.25% | | | |
| | | | 7/15/2024 | 280,000.00 | 3.50% | | | |
| | | | 7/15/2025 | 150,000.00 | 4.00% | | | |
| Various Capital Improvements | 7/15/2014 | 2,700,000 | 7/15/2019 | 250,000.00 | 3.00% | | 220,000.00 | 1,900,000.00 |
| | | | 7/15/2020 | 260,000.00 | 3.00% | | | |
| | | | 7/15/2021 | 270,000.00 | 3.00% | | | |
| | | | 7/15/2022 | 280,000.00 | 3.00% | | | |
| | | | 7/15/2023 | 280,000.00 | 3.00% | | | |
| | | | 7/15/2024 | 280,000.00 | 3.00% | | | |
| | | | 7/15/2025 | 280,000.00 | 3.00% | | | |
| | | | | | | | | |
| | | | | | | \$ | 4,712,702.30 | 3,968,559.66 |
| | | | | | | | 744,142.64 | |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 | |
|---------------------------------|--|--------------------------|---------------------------------|------------|---------------|-----------------------|-----------|-----------|-----------------------|---|
| | | | Date | Amount | | | | | | |
| Water Desalination USDA-FmHA | 12/15/1998 | 2,500,000 | 2019 | 56,270.06 | 4.500% | 1,825,063.94 | | 53,820.87 | 1,771,243.07 | |
| | | | 2020 | 58,830.70 | | | | | | |
| | | | 2021 | 61,507.86 | | | | | | |
| | | | 2022 | 64,306.86 | | | | | | |
| | | | 2023 | 67,233.22 | | | | | | |
| | | | 2024 | 70,292.75 | | | | | | |
| | | | 2025 | 73,491.50 | | | | | | |
| | | | 2026 | 76,835.83 | | | | | | |
| | | | 2027 | 80,332.35 | | | | | | |
| | | | 2028 | 83,987.98 | | | | | | |
| | | | 2029 | 87,809.94 | | | | | | |
| | | | 2030 | 91,805.84 | | | | | | |
| | | | 2031 | 95,983.58 | | | | | | |
| | | | 2032 | 100,351.44 | | | | | | |
| Water Desalination NJ-EIT | 10/15/1998 | 690,000 | 2033 | 104,918.06 | | 50,000.00 | | 50,000.00 | - | |
| | | | 2034 | 109,692.48 | | | | | | |
| | | | 2035 | 114,684.18 | | | | | | |
| | | | 2036 | 119,903.02 | | | | | | |
| | | | 2037 | 125,359.36 | | | | | | |
| | | | 2038 | 127,646.06 | | | | | | |
| | This Loan has a remaining balance that has yet to be drawn down in the amount of \$15,000.00 | | | | | | | | | |
| | Water Desalination NJ-EIT | 10/15/1998 | 675,000 | 2019 | 5,100.00 | | 33,283.03 | | 33,283.03 | - |
| | | | 2020 | 5,100.00 | | | | | | |
| | | | 2021 | 5,100.00 | | | | | | |
| System Improvements NJ-EIT | 10/17/2001 | 63,750 | 2019 | 3,755.35 | 5.000% | 20,400.00 | | 5,100.00 | 15,300.00 | |
| | | | 2020 | 3,591.36 | 4.750% | | | | | |
| | | | 2021 | 3,435.66 | 4.750% | | | | | |
| NJ-EIT | 10/17/2001 | 66,542 | 2019 | 3,755.35 | None | 14,701.70 | | 3,919.33 | 10,782.37 | |
| | | | 2020 | 3,591.36 | | | | | | |
| | | | 2021 | 3,435.66 | | | | | | |
| System Improvements NJ-EIT | 10/17/2001 | 114,750 | 2019 | 7,650.00 | 5.000% | 30,600.00 | | 7,650.00 | 22,950.00 | |
| | | | 2020 | 7,650.00 | 4.750% | | | | | |
| | | | 2021 | 7,650.00 | 4.750% | | | | | |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|-------------------------------|---------------|--------------------------|---------------------------------|-----------|--------|---------------|-----------------------|-----------|--------------|-----------------------|
| | | | December 31, 2018 | | | | | | | |
| | | | Date | Amount | | | | | | |
| System Improvements NJ-EIT | 10/17/2001 | 120,704 | 2019 | 5,734.63 | None | 22,450.19 | | 5,985.05 | 16,465.14 | |
| | | | 2020 | 5,484.21 | | | | | | |
| | | | 2021 | 5,246.30 | | | | | | |
| System Improvements USDA | 10/12/2007 | 1,200,000 | 4/12/19 | 9,262.39 | 4.250% | 1,056,520.50 | | 17,950.60 | 1,038,569.90 | |
| | | | 10/12/19 | 9,459.22 | 4.250% | | | | | |
| | | | 4/12/20 | 9,660.22 | 4.250% | | | | | |
| | | | 10/12/20 | 9,865.50 | 4.250% | | | | | |
| | | | 4/12/21 | 10,075.15 | 4.250% | | | | | |
| | | | 10/12/21 | 10,289.24 | 4.250% | | | | | |
| | | | 4/12/22 | 10,507.89 | 4.250% | | | | | |
| | | | 10/12/22 | 10,731.18 | 4.250% | | | | | |
| | | | 4/12/23 | 10,959.22 | 4.250% | | | | | |
| | | | 10/12/23 | 11,192.10 | 4.250% | | | | | |
| | | | 4/12/24 | 11,429.93 | 4.250% | | | | | |
| | | | 10/12/24 | 11,672.82 | 4.250% | | | | | |
| | | | 4/12/25 | 11,920.87 | 4.250% | | | | | |
| | | | 10/12/25 | 12,174.19 | 4.250% | | | | | |
| | | | 4/12/26 | 12,432.89 | 4.250% | | | | | |
| | | | 10/12/26 | 12,697.09 | 4.250% | | | | | |
| | | | 4/12/27 | 12,966.90 | 4.250% | | | | | |
| | | | 10/12/27 | 13,242.45 | 4.250% | | | | | |
| | | | 4/12/28 | 13,523.85 | 4.250% | | | | | |
| | | | 10/12/28 | 13,811.23 | 4.250% | | | | | |
| | | | 4/12/29 | 14,104.72 | 4.250% | | | | | |
| | | | 10/12/29 | 14,404.44 | 4.250% | | | | | |
| | | | 4/12/30 | 14,710.54 | 4.250% | | | | | |
| | | | 10/12/30 | 15,023.14 | 4.250% | | | | | |
| | | | 4/12/31 | 15,342.38 | 4.250% | | | | | |
| | | | 10/12/31 | 15,668.41 | 4.250% | | | | | |
| | | | 4/12/32 | 16,001.36 | 4.250% | | | | | |
| | | | 10/12/32 | 16,341.39 | 4.250% | | | | | |
| | | | 4/12/33 | 16,688.64 | 4.250% | | | | | |
| | | | 10/12/33 | 17,043.28 | 4.250% | | | | | |
| | | | 4/12/34 | 17,405.45 | 4.250% | | | | | |
| | | | 10/12/34 | 17,775.31 | 4.250% | | | | | |
| | | | 4/12/35 | 18,153.04 | 4.250% | | | | | |
| | | | 10/12/35 | 18,538.79 | 4.250% | | | | | |
| | | | 4/12/36 | 18,932.74 | 4.250% | | | | | |
| | | | 10/12/36 | 19,335.06 | 4.250% | | | | | |
| | | | 4/12/37 | 19,745.93 | 4.250% | | | | | |
| | | | 10/12/37 | 20,165.53 | 4.250% | | | | | |
| | | 4/12/38 | 20,594.05 | 4.250% | | | | | | |
| | | 10/12/38 | 21,031.67 | 4.250% | | | | | | |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|---------------------|---------------|--------------------------|---------------------------------|-----------|---------------|-----------------------|-----------|-----------|-----------------------|
| | | | Date | Amount | | | | | |
| | | | 4/12/39 | 21,478.59 | 4.250% | | | | |
| | | | 10/12/39 | 21,935.01 | 4.250% | | | | |
| | | | 4/12/40 | 22,401.13 | 4.250% | | | | |
| | | | 10/12/40 | 22,877.16 | 4.250% | | | | |
| | | | 4/12/41 | 23,363.30 | 4.250% | | | | |
| | | | 10/12/41 | 23,859.77 | 4.250% | | | | |
| | | | 4/12/42 | 24,366.79 | 4.250% | | | | |
| | | | 10/12/42 | 24,884.58 | 4.250% | | | | |
| | | | 4/12/43 | 25,413.38 | 4.250% | | | | |
| | | | 10/12/43 | 25,953.41 | 4.250% | | | | |
| | | | 4/12/44 | 26,504.92 | 4.250% | | | | |
| | | | 10/12/44 | 27,068.15 | 4.250% | | | | |
| | | | 4/12/45 | 27,643.35 | 4.250% | | | | |
| | | | 10/12/45 | 28,230.77 | 4.250% | | | | |
| | | | 4/12/46 | 28,830.68 | 4.250% | | | | |
| | | | 10/12/46 | 29,443.33 | 4.250% | | | | |
| | | | 4/12/47 | 30,069.00 | 4.250% | | | | |
| | | | 10/12/47 | 29,366.38 | 4.250% | | | | |
| | | | 4/27/19 | 17,968.49 | 3.750% | 1,158,603.81 | | 17,313.16 | 1,141,290.65 |
| | | | 4/27/20 | 18,648.63 | 3.750% | | | | |
| | | | 4/27/21 | 19,354.50 | 3.750% | | | | |
| | | | 4/27/22 | 20,087.11 | 3.750% | | | | |
| | | | 4/27/23 | 20,847.43 | 3.750% | | | | |
| | | | 4/27/24 | 21,636.54 | 3.750% | | | | |
| | | | 4/27/25 | 22,455.52 | 3.750% | | | | |
| | | | 4/27/26 | 23,305.50 | 3.750% | | | | |
| | | | 4/27/27 | 24,187.64 | 3.750% | | | | |
| | | | 4/27/28 | 25,103.18 | 3.750% | | | | |
| | | | 4/27/29 | 26,053.38 | 3.750% | | | | |
| | | | 4/27/30 | 27,039.54 | 3.750% | | | | |
| | | | 4/27/31 | 28,063.03 | 3.750% | | | | |
| | | | 4/27/32 | 29,125.26 | 3.750% | | | | |
| | | | 4/27/33 | 30,227.69 | 3.750% | | | | |
| | | | 4/27/34 | 31,371.86 | 3.750% | | | | |
| | | | 4/27/35 | 32,559.33 | 3.750% | | | | |
| | | | 4/27/36 | 33,791.75 | 3.750% | | | | |
| | | | 4/27/37 | 35,070.82 | 3.750% | | | | |
| | | | 4/27/38 | 36,398.31 | 3.750% | | | | |
| | | | 4/27/39 | 37,776.04 | 3.750% | | | | |
| | | | 4/27/40 | 39,205.92 | 3.750% | | | | |
| | | | 4/27/41 | 40,689.93 | 3.750% | | | | |
| | | | 4/27/42 | 42,230.11 | 3.750% | | | | |
| | | | 4/27/43 | 43,828.58 | 3.750% | | | | |
| | | | 4/27/44 | 45,487.57 | 3.750% | | | | |
| System Improvements | 10/27/2011 | 1,250,000 | | | | | | | |
| USDA | | | | | | | | | |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|---------------------|---------------|--------------------------|---------------------------------|------------|---------------|-----------------------|-----------|-----------|-----------------------|
| | | | Date | Amount | | | | | |
| | | | 4/27/45 | 47,209.34 | 3.750% | | | | |
| | | | 4/27/46 | 48,996.29 | 3.750% | | | | |
| | | | 4/27/47 | 50,850.88 | 3.750% | | | | |
| | | | 4/27/48 | 52,775.66 | 3.750% | | | | |
| | | | 4/27/49 | 54,773.30 | 3.750% | | | | |
| | | | 4/27/50 | 56,846.55 | 3.750% | | | | |
| | | | 4/27/51 | 58,998.29 | 3.750% | | | | |
| | | | 4/27/52 | (1,673.32) | 3.750% | | | | |
| | | | | | | 1,297,636.26 | | 19,390.74 | 1,278,245.52 |
| System Improvements | 10/27/2011 | 1,400,000 | 4/27/19 | 20,124.71 | 3.750% | | | | |
| USDA | | | 4/27/20 | 20,886.46 | 3.750% | | | | |
| | | | 4/27/21 | 21,677.05 | 3.750% | | | | |
| | | | 4/27/22 | 22,497.56 | 3.750% | | | | |
| | | | 4/27/23 | 23,349.12 | 3.750% | | | | |
| | | | 4/27/24 | 24,232.93 | 3.750% | | | | |
| | | | 4/27/25 | 25,150.18 | 3.750% | | | | |
| | | | 4/27/26 | 26,102.15 | 3.750% | | | | |
| | | | 4/27/27 | 27,090.16 | 3.750% | | | | |
| | | | 4/27/28 | 28,115.56 | 3.750% | | | | |
| | | | 4/27/29 | 29,179.78 | 3.750% | | | | |
| | | | 4/27/30 | 30,284.28 | 3.750% | | | | |
| | | | 4/27/31 | 31,430.59 | 3.750% | | | | |
| | | | 4/27/32 | 32,620.29 | 3.750% | | | | |
| | | | 4/27/33 | 33,855.02 | 3.750% | | | | |
| | | | 4/27/34 | 35,136.48 | 3.750% | | | | |
| | | | 4/27/35 | 36,466.46 | 3.750% | | | | |
| | | | 4/27/36 | 37,846.76 | 3.750% | | | | |
| | | | 4/27/37 | 39,279.32 | 3.750% | | | | |
| | | | 4/27/38 | 40,766.11 | 3.750% | | | | |
| | | | 4/27/39 | 42,309.17 | 3.750% | | | | |
| | | | 4/27/40 | 43,910.64 | 3.750% | | | | |
| | | | 4/27/41 | 45,572.72 | 3.750% | | | | |
| | | | 4/27/42 | 47,297.72 | 3.750% | | | | |
| | | | 4/27/43 | 49,088.01 | 3.750% | | | | |
| | | | 4/27/44 | 50,946.07 | 3.750% | | | | |
| | | | 4/27/45 | 52,874.46 | 3.750% | | | | |
| | | | 4/27/46 | 54,875.84 | 3.750% | | | | |
| | | | 4/27/47 | 56,952.98 | 3.750% | | | | |
| | | | 4/27/48 | 59,108.74 | 3.750% | | | | |
| | | | 4/27/49 | 61,346.10 | 3.750% | | | | |
| | | | 4/27/50 | 63,668.14 | 3.750% | | | | |
| | | | 4/27/51 | 66,078.08 | 3.750% | | | | |
| | | | 4/27/52 | (1,874.12) | 3.750% | | | | |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|-----------------------------|---------------|--------------------------|---------------------------------|-----------|---------------|-----------------------|-----------|-----------|-----------------------|
| | | | Date | Amount | | | | | |
| System Improvements USDA | 7/18/2014 | 1,585,000 | 1/18/19 | 9,601.75 | 4.500% | 1,533,304.95 | | 18,642.38 | 1,514,662.57 |
| | | | 7/18/19 | 9,793.78 | 4.500% | | | | |
| | | | 1/18/20 | 9,989.66 | 4.500% | | | | |
| | | | 7/18/20 | 10,189.45 | 4.500% | | | | |
| | | | 1/18/21 | 10,393.24 | 4.500% | | | | |
| | | | 7/18/21 | 10,601.11 | 4.500% | | | | |
| | | | 1/18/22 | 10,813.13 | 4.500% | | | | |
| | | | 7/18/22 | 11,029.39 | 4.500% | | | | |
| | | | 1/18/23 | 11,249.98 | 4.500% | | | | |
| | | | 7/18/23 | 11,474.98 | 4.500% | | | | |
| | | | 1/18/24 | 11,704.48 | 4.500% | | | | |
| | | | 7/18/24 | 11,938.57 | 4.500% | | | | |
| | | | 1/18/25 | 12,177.34 | 4.500% | | | | |
| | | | 7/18/25 | 12,420.89 | 4.500% | | | | |
| | | | 1/18/26 | 12,669.30 | 4.500% | | | | |
| | | | 7/18/26 | 12,922.69 | 4.500% | | | | |
| | | | 1/18/27 | 13,181.14 | 4.500% | | | | |
| | | | 7/18/27 | 13,444.77 | 4.500% | | | | |
| | | | 1/18/28 | 13,713.66 | 4.500% | | | | |
| | | | 7/18/28 | 13,987.93 | 4.500% | | | | |
| | | | 1/18/29 | 14,267.69 | 4.500% | | | | |
| | | | 7/18/29 | 14,553.05 | 4.500% | | | | |
| | | | 1/18/30 | 14,844.11 | 4.500% | | | | |
| | | | 7/18/30 | 15,140.99 | 4.500% | | | | |
| | | | 1/18/31 | 15,443.81 | 4.500% | | | | |
| | | | 7/18/31 | 15,752.69 | 4.500% | | | | |
| | | | 1/18/32 | 16,067.74 | 4.500% | | | | |
| | | | 7/18/32 | 16,389.09 | 4.500% | | | | |
| | | | 1/18/33 | 16,716.88 | 4.500% | | | | |
| | | | 7/18/33 | 17,051.21 | 4.500% | | | | |
| | | | 1/18/34 | 17,392.24 | 4.500% | | | | |
| | | | 7/18/34 | 17,740.08 | 4.500% | | | | |
| | | | 1/18/35 | 18,094.89 | 4.500% | | | | |
| | | | 7/18/35 | 18,456.78 | 4.500% | | | | |
| | | | 1/18/36 | 18,825.92 | 4.500% | | | | |
| | | | 7/18/36 | 19,202.44 | 4.500% | | | | |
| | | | 1/18/37 | 19,586.49 | 4.500% | | | | |
| | | | 7/18/37 | 19,978.22 | 4.500% | | | | |
| | | | 1/18/38 | 20,377.78 | 4.500% | | | | |
| | | | 7/18/38 | 20,785.34 | 4.500% | | | | |
| | | | 1/18/39 | 21,201.04 | 4.500% | | | | |
| | | 7/18/39 | 21,625.06 | 4.500% | | | | | |
| | | 1/18/40 | 22,057.56 | 4.500% | | | | | |
| | | 7/18/40 | 22,498.72 | 4.500% | | | | | |
| | | 1/18/41 | 22,948.69 | 4.500% | | | | | |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|-------------------------------|---------------|--------------------------|---------------------------------|-----------|---------------|-----------------------|------------|-----------|-----------------------|
| | | | Date | Amount | | | | | |
| | | | 7/18/41 | 23,407.66 | 4.500% | | | | |
| | | | 1/18/42 | 23,875.82 | 4.500% | | | | |
| | | | 7/18/42 | 24,353.33 | 4.500% | | | | |
| | | | 1/18/43 | 24,840.40 | 4.500% | | | | |
| | | | 7/18/43 | 25,337.21 | 4.500% | | | | |
| | | | 1/18/44 | 25,843.95 | 4.500% | | | | |
| | | | 7/18/44 | 26,360.83 | 4.500% | | | | |
| | | | 1/18/45 | 26,888.05 | 4.500% | | | | |
| | | | 7/18/45 | 27,425.81 | 4.500% | | | | |
| | | | 1/18/46 | 27,974.32 | 4.500% | | | | |
| | | | 7/18/46 | 28,533.81 | 4.500% | | | | |
| | | | 1/18/47 | 29,104.49 | 4.500% | | | | |
| | | | 7/18/47 | 29,686.58 | 4.500% | | | | |
| | | | 1/18/48 | 30,280.31 | 4.500% | | | | |
| | | | 7/18/48 | 30,885.91 | 4.500% | | | | |
| | | | 1/18/49 | 31,503.63 | 4.500% | | | | |
| | | | 7/18/49 | 32,133.71 | 4.500% | | | | |
| | | | 1/18/50 | 32,776.38 | 4.500% | | | | |
| | | | 7/18/50 | 33,431.91 | 4.500% | | | | |
| | | | 1/18/51 | 34,100.55 | 4.500% | | | | |
| | | | 7/18/51 | 34,782.56 | 4.500% | | | | |
| | | | 1/18/52 | 35,478.21 | 4.500% | | | | |
| | | | 7/18/52 | 36,187.77 | 4.500% | | | | |
| | | | 1/18/53 | 36,911.53 | 4.500% | | | | |
| | | | 7/18/53 | 37,649.76 | 4.500% | | | | |
| | | | 1/18/54 | 38,402.75 | 4.500% | | | | |
| | | | 7/18/54 | 36,209.58 | 4.500% | | | | |
| | | | 8/1/2019 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2020 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2021 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2022 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2023 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2024 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2025 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2026 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2027 | 10,000.00 | 5.000% | | | | |
| | | | 8/1/2028 | 10,000.00 | 3.000% | | | | |
| | | | 8/1/2029 | 15,000.00 | 3.000% | | | | |
| | | | 8/1/2030 | 15,000.00 | 3.000% | | | | |
| | | | 8/1/2031 | 15,000.00 | 3.000% | | | | |
| | | | 8/1/2032 | 15,000.00 | 3.125% | | | | |
| | | | 8/1/2033 | 15,000.00 | 3.125% | | | | |
| | | | 8/1/2034 | 15,000.00 | 3.250% | | | | |
| | | | 8/1/2035 | 15,000.00 | 3.250% | | | | |
| System Improvements NJ-EIT | 5/22/2018 | 430,000 | | | | - | 430,000.00 | | 430,000.00 |

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER AND SEWER LOANS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|---------|---------------|--------------------------|---------------------------------|-----------|---------------|-----------------------|---------------------|-------------------|-----------------------|
| | | | Date | Amount | | | | | |
| | 2/1/2035 | | | 14,078.06 | | | | | |
| | 8/1/2035 | | | 28,156.13 | | | | | |
| | 2/1/2036 | | | 14,078.06 | | | | | |
| | 8/1/2036 | | | 28,156.13 | | | | | |
| | 2/1/2037 | | | 14,078.06 | | | | | |
| | 8/1/2037 | | | 28,156.13 | | | | | |
| | 2/1/2038 | | | 14,078.06 | | | | | |
| | 8/1/2038 | | | 28,156.13 | | | | | |
| | 2/1/2039 | | | 14,078.06 | | | | | |
| | 8/1/2039 | | | 28,156.13 | | | | | |
| | 2/1/2040 | | | 14,078.06 | | | | | |
| | 8/1/2040 | | | 28,156.13 | | | | | |
| | 2/1/2041 | | | 14,078.06 | | | | | |
| | 8/1/2041 | | | 28,156.13 | | | | | |
| | 2/1/2042 | | | 14,078.06 | | | | | |
| | 8/1/2042 | | | 28,156.13 | | | | | |
| | 2/1/2043 | | | 14,078.06 | | | | | |
| | 8/1/2043 | | | 28,156.13 | | | | | |
| | 2/1/2044 | | | 14,078.06 | | | | | |
| | 8/1/2044 | | | 28,156.13 | | | | | |
| | 2/1/2045 | | | 14,078.06 | | | | | |
| | 8/1/2045 | | | 28,156.13 | | | | | |
| | 2/1/2046 | | | 14,078.06 | | | | | |
| | 8/1/2046 | | | 28,156.13 | | | | | |
| | 2/1/2047 | | | 14,078.06 | | | | | |
| | 8/1/2047 | | | 28,156.49 | | | | | |
| | | | | | | <u>7,042,564.36</u> | <u>1,682,948.00</u> | <u>261,211.29</u> | <u>8,464,301.09</u> |
| | | | | | | \$ | | | |

See Accompanying Auditor's Report

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

| Improvement Description | Ordinance Number | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|-------------------------|------------------|------------------------|------------------------|------------------------|------------------|------------------------|---------------------|---------------------|-----------------------|
| System Improvements | 268-2013 | 7/16/2015 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 400,000.00 | 391,000.00 | 400,000.00 | 391,000.00 |
| System Improvements | 281-2014 | 7/16/2015 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 600,000.00 | 594,000.00 | 600,000.00 | 594,000.00 |
| System Improvements | 207-2010 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 50,000.00 | 50,000.00 | 50,000.00 | 50,000.00 |
| System Improvements | 250-2012 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 150,000.00 | 150,000.00 | 150,000.00 | 150,000.00 |
| System Improvements | 293-2015 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 550,000.00 | 550,000.00 | 550,000.00 | 550,000.00 |
| System Improvements | 307-2016 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 900,000.00 | 1,200,000.00 | 900,000.00 | 1,200,000.00 |
| System Improvements | 316-2017 | 7/13/2018 | 7/13/2018 | 7/12/2019 | 3.000% | - | 700,000.00 | - | 700,000.00 |
| | | | | | | <u>\$ 2,650,000.00</u> | <u>3,635,000.00</u> | <u>2,650,000.00</u> | <u>3,635,000.00</u> |

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

| Ordinance Number | | Balance Dec. 31, 2017 | 2018 Authorizations | Debt Issued | Balance Dec. 31, 2018 |
|------------------|------------------------------|--------------------------|------------------------|---------------------|--------------------------|
| 36-2005 | Various Utility Improvements | \$ 116,536.00 | | | 116,536.00 |
| 155-2008 | System Improvements | 315,000.00 | | | 315,000.00 |
| 179-2009 | System Improvements | 200,000.00 | | | 200,000.00 |
| 207-2010 | System Improvements | 50,000.00 | | | 50,000.00 |
| 230-2011 | System Improvements | 350,000.00 | | 248,400.00 | 101,600.00 |
| 250-2012 | System Improvements | 563,000.00 | | 400,000.00 | 163,000.00 |
| 268-2013 | System Improvements | 450,000.00 | | 400,000.00 | 50,000.00 |
| 281-2014 | System Improvements | 550,000.00 | | 397,048.10 | 152,951.90 |
| 293-2015 | System Improvements | 444,000.00 | | 39,655.11 | 404,344.89 |
| 298-2015 | System Improvements | 500,000.00 | | 197,844.79 | 302,155.21 |
| 307-2016 | System Improvements | 300,000.00 | | 300,000.00 | - |
| 316-2017 | System Improvements | 769,000.00 | | 700,000.00 | 69,000.00 |
| 353-2018 | System Improvements | - | 1,019,000.00 | | 1,019,000.00 |
| | | <u>\$ 4,607,536.00</u> | <u>1,019,000.00</u> | <u>2,682,948.00</u> | <u>2,943,588.00</u> |

**BEACH UTILITY FUND
SCHEDULE OF CASH - TREASURER**

| | Operating Fund | Capital Fund |
|-----------------------------------|-----------------|--------------|
| Balance December 31, 2017 | \$ 1,348,466.01 | 604,894.74 |
| Increased by Receipts: | | |
| Beach Rent Collected | 2,464,499.00 | |
| Miscellaneous Anticipated Revenue | 1,503.03 | |
| Due to Beach Capital | 93.94 | |
| Bond Anticipation Notes | | 400,000.00 |
| Bond Premium | | 7,478.90 |
| Capital Improvement Fund | | 150,000.00 |
| | 2,466,095.97 | 557,478.90 |
| | 3,814,561.98 | 1,162,373.64 |
| Decreased by Disbursements: | | |
| Current Appropriations | 2,376,322.01 | |
| Appropriation Reserves | 12,352.07 | |
| Due from General Capital | | 10,000.00 |
| Improvement Authorizations | | 312,371.66 |
| | 2,388,674.08 | 322,371.66 |
| Balance December 31, 2018 | \$ 1,425,887.90 | 840,001.98 |

**BEACH UTILITY CAPITAL FUND
ANALYSIS OF CASH**

| | Balance | | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2018 |
|---|---------------|--|---------------|-------------|-------------------------------|---------------|------------|------------|--------------------------|
| | Dec. 31, 2017 | | Miscellaneous | Debt Issued | Improvement Authorizations | Miscellaneous | From | To | |
| Fund Balance | \$ 114,445.72 | | 7,478.90 | | | | | | 121,924.62 |
| Capital Improvement Fund | 529,000.00 | | 150,000.00 | | | | | | 679,000.00 |
| Reserve for Amortization | 174,000.00 | | | | | | | | 174,000.00 |
| Encumbrances Payable | 122,228.40 | | | | | 10,000.00 | 122,228.40 | 56,278.00 | 56,278.00 |
| Due from General Capital | - | | | | | | 93.94 | | (10,000.00) |
| Due from Beach Operating | - | | | | | | | | (93.94) |
| Improvement Authorizations: | | | | | | | | | |
| Ord. Number | | | | | | | | | |
| 29-2005 Various Utility Improvements | (87,531.41) | | | | | | | | (87,531.41) |
| 63-2006 Various Utility Improvements | (34,181.88) | | | | | | | | (34,181.88) |
| 108-2007 Various Utility Improvements | (54,871.76) | | | | | | | | (54,871.76) |
| 150-2008 Various Utility Improvements | 3,715.64 | | | | | | | | 3,715.64 |
| 178-2009 Various Beach Utility Improvements | (37,446.50) | | | | | | | | (37,446.50) |
| 188-2009 ADA Phase II | 10,606.90 | | | | | | | | 10,606.90 |
| 208-2010 Various Utility Improvements | 35,720.26 | | | | | | | | 35,720.26 |
| 231-2011 Various Utility Improvements | 89,090.46 | | | | | | | | 89,090.46 |
| 236-2011 Beach Replenishment | 105,893.72 | | | | | | | | 105,893.72 |
| 251-2012 Various Utility Improvements | (16,165.07) | | | | 100,973.26 | | 24,080.00 | | (117,138.33) |
| 267-2013 Various Beach Utility Improvements | (2,068.75) | | | | 16,307.50 | | | | (18,376.25) |
| 280-2014 Various Beach Utility Improvements | 14,755.14 | | | | 3,770.00 | | | | 10,985.14 |
| 294-2015 Various Beach Utility Improvements | (14,330.83) | | | 50,000.00 | | | 2,198.00 | | 33,471.17 |
| 310-2016 Various Beach Utility Improvements | (136,000.00) | | | | | | | | (136,000.00) |
| 314-2017 Various Beach Utility Improvements | (211,965.30) | | | 350,000.00 | 191,320.90 | | | | 44,956.14 |
| 354-2018 Various Beach Utility Improvements | - | | | | | | 30,000.00 | 98,242.34 | (30,000.00) |
| | \$ 604,894.74 | | 157,478.90 | 400,000.00 | 312,371.66 | 10,000.00 | 178,600.34 | 178,600.34 | 840,001.98 |

**BEACH UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

| | Balance Dec. 31, 2017 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|--|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 55,720.74 | 55,720.74 | | 55,720.74 | - |
| Other Expenses | 82,803.73 | 82,803.73 | 12,352.07 | 70,451.66 | - |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Social Security System | 29,748.63 | 29,748.63 | | 29,748.63 | - |
| | <u>\$ 168,273.10</u> | <u>168,273.10</u> | <u>12,352.07</u> | <u>155,921.03</u> | <u>-</u> |

**BEACH UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS
AND NOTES AND ANALYSIS OF BALANCE**

| | | | |
|-----------------------------------|--|----|-----------|
| Balance December 31, 2017 | | \$ | 25,391.67 |
| Increased by: | | | |
| Budget Appropriations | | | 30,318.75 |
| | | | 30,318.75 |
| | | | 55,710.42 |
| Decreased By: | | | |
| Payments of Debt Service Interest | | | 25,391.67 |
| | | | 25,391.67 |
| Balance December 31, 2018 | | \$ | 30,318.75 |

Analysis of Accrued Interest December 31, 2018

| Principal Outstanding December 31, 2018 | Interest Rate | From | To | Days | Amount |
|---|------------------|-----------|------------|------|-----------|
| 1,490,000.00 | 3.00% | 7/15/2018 | 12/31/2018 | 165 | 20,487.50 |
| 715,000.00 | 3.00% | 7/15/2018 | 12/31/2018 | 165 | 9,831.25 |
| 2,205,000.00 | | | | | 30,318.75 |

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding December 31, 2017 | | | | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|------------------------------|---------------|--------------------------|---|------------|---------------|-----------------------|------------------------|-----------------------|-------------------|---------------------|-----------------------|
| | | | Date | Amount | Interest Rate | Balance Dec. 31, 2017 | | | | | |
| Various Capital Improvements | 7/15/2014 | 2,005,000 | 7/15/2019 | 150,000.00 | 3.00% | \$ | 1,630,000.00 | - | 140,000.00 | 1,490,000.00 | |
| | | | 7/15/2020 | 160,000.00 | 3.00% | | | | | | |
| | | | 7/15/2021 | 170,000.00 | 3.00% | | | | | | |
| | | | 7/15/2022 | 180,000.00 | 3.00% | | | | | | |
| | | | 7/15/2023 | 190,000.00 | 3.00% | | | | | | |
| | | | 7/15/2024 | 200,000.00 | 3.00% | | | | | | |
| | | | 7/15/2025 | 200,000.00 | 3.00% | | | | | | |
| | | | 7/15/2026 | 240,000.00 | 3.00% | | | | | | |
| | | | | | | | <u>\$ 1,630,000.00</u> | <u>-</u> | <u>140,000.00</u> | <u>1,490,000.00</u> | |

**BEACH UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

| Improvement Description | Ordinance Number | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|------------------------------------|------------------|------------------------|------------------------|------------------------|------------------|-----------------------|------------|------------|-----------------------|
| Beach Replenishment | 236-2011 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 50,000.00 | 48,250.00 | 50,000.00 | 48,250.00 |
| Various Beach Utility Improvements | 251-2012 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 50,000.00 | 47,500.00 | 50,000.00 | 47,500.00 |
| Various Beach Utility Improvements | 267-2013 | 7/14/2017 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 25,000.00 | 25,000.00 | 25,000.00 | 25,000.00 |
| Various Beach Utility Improvements | 280-2014 | 7/15/2016 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 100,000.00 | 94,250.00 | 100,000.00 | 94,250.00 |
| Various Beach Utility Improvements | 294-2015 | 7/14/2017 | 7/14/2017 7/13/2018 | 7/13/2018 7/12/2019 | 2.000% 3.000% | 100,000.00 | 150,000.00 | 100,000.00 | 150,000.00 |
| Various Beach Utility Improvements | 314-2017 | 7/13/2018 | 7/13/2018 | 7/12/2019 | 3.000% | - | 350,000.00 | - | 350,000.00 |
| | | | | | | \$ 325,000.00 | 715,000.00 | 325,000.00 | 715,000.00 |

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

| Ordinance Number | | Balance | 2018 | Debt Issued | Balance |
|---------------------|------------------------------------|------------------------|-------------------|-------------------|---------------------|
| | | Dec. 31, 2017 | Authorizations | | Dec. 31, 2018 |
| 29-2005 | Various Beach Utility Improvements | \$ 12,800.00 | | | 12,800.00 |
| 178-2009 | Various Beach Utility Improvements | 55,000.00 | | | 55,000.00 |
| 208-2010 | Various Utility Improvements | 55,000.00 | | | 55,000.00 |
| 231-2011 | Various Utility Improvements | 50,000.00 | | | 50,000.00 |
| 236-2011 | Beach Replenishment | 50,000.00 | | | 50,000.00 |
| 251-2012 | Various Utility Improvements | 150,000.00 | | | 150,000.00 |
| 267-2013 | Various Beach Utility Improvements | 350,000.00 | | | 350,000.00 |
| 280-2014 | Various Beach Utility Improvements | 65,000.00 | | | 65,000.00 |
| 294-2015 | Various Beach Utility Improvements | 98,100.00 | | 50,000.00 | 48,100.00 |
| 310-2016 | Various Beach Utility Improvements | 300,000.00 | | | 300,000.00 |
| 314-2017 | Various Beach Utility Improvements | 411,000.00 | | 350,000.00 | 61,000.00 |
| 354-2018 | Various Beach Utility Improvements | - | 393,000.00 | | 393,000.00 |
| | | <u>\$ 1,596,900.00</u> | <u>393,000.00</u> | <u>400,000.00</u> | <u>1,589,900.00</u> |

**TOURISM UTILITY FUND
SCHEDULE OF CASH - TREASURER**

| | | <u>Operating Fund</u> |
|---------------------------------------|----|----------------------------|
| Balance December 31, 2017 | \$ | 830,015.24 |
| Increased by Receipts: | | |
| Tourism Fees | | 1,297,935.39 |
| Reimbursements | | 12.40 |
| Due to Security Deposit | | 10,800.00 |
| Miscellaneous Revenue Not Anticipated | | 5,032.51 |
| | | <u>1,313,780.30</u> |
| | | 2,143,795.54 |
| Decreased by Disbursements: | | |
| Current Appropriations | | 1,087,539.32 |
| Appropriation Reserves | | 33,198.50 |
| Refund of Prior Year's Revenue | | 145.00 |
| Due to Security Deposit | | 9,800.00 |
| | | <u>1,130,682.82</u> |
| Balance December 31, 2018 | \$ | <u><u>1,013,112.72</u></u> |

**TOURISM UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

| | Balance Dec. 31, 2017 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|--------------------|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| Operating: | | | | | |
| Salaries and Wages | - | 10,000.00 | | 10,000.00 | - |
| Other Expenses | 129,924.35 | 119,924.35 | 33,198.50 | 86,725.85 | - |
| | <u>129,924.35</u> | <u>129,924.35</u> | <u>33,198.50</u> | <u>96,725.85</u> | <u>-</u> |

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CITY OF CAPE MAY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2018

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. Due to the City having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

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

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

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

- FY 2017 NJDCA Small Cities Block Program/Various ADA Improvements-Decatur Street
- Stockton Avenue Sanitary Sewer Improvements
- Reconstruction of Pennsylvania Avenue
- Supply, Delivery and Installation of Beachfront Public Safety Paging System and Background Music System Phase I
- Reconstruction of Dale Place
- Reading Avenue Storm Sewer Improvements
- HVAC Maintenance, Service and Repairs
- Uniforms for Beach Patrol, Jr. Lifeguards and Beach Tag Personnel
- Fire Suppression System for Cape May Stage

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

BE IT FURTHER RESOLVED by the City Council of the City of Cape May, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2018.

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

Delinquent Taxes and Tax Title Liens

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

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

| <u>Year</u> | <u>Number</u> |
|-------------|---------------|
| 2018 | 27 |
| 2017 | 1 |
| 2016 | 1 |

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges as well as 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> |
|----------------------------------|----------------------|
| Payments of 2018 and 2019 Taxes | 25 |
| Delinquent Taxes | 11 |
| Payment of Water and Sewer Rents | 25 |
| Delinquent Water and Sewer Rents | 5 |
| Total | <u>66</u> |

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

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Comparison of Tax Levies and Collections Currently

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

| Year | Tax Levy | Currently | |
|---------|---------------|------------------|---------------------------|
| | | Cash Collections | Percentage of Collections |
| 2018 \$ | 26,603,119.07 | 26,262,619.77 | 98.72% |
| 2017 | 25,053,918.34 | 24,706,266.43 | 98.61% |
| 2016 | 23,425,778.08 | 23,248,504.65 | 99.24% |
| 2015 | 24,290,570.08 | 24,026,178.64 | 98.91% |
| 2014 | 24,180,807.47 | 23,873,271.73 | 98.73% |

Comparative Schedule of Tax Rate Information

| | | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------|----|---------------|---------------|---------------|---------------|---------------|
| Tax Rate | \$ | 1.215 | 0.884 | 0.832 | 0.865 | 0.865 |
| Apportionment of Tax Rate: | | | | | | |
| Municipal | | 0.350 | 0.340 | 0.340 | 0.339 | 0.329 |
| County | | 0.272 | 0.268 | 0.249 | 0.249 | 0.245 |
| Local School | | 0.350 | 0.066 | 0.065 | 0.062 | 0.057 |
| Regional School | | 0.243 | 0.210 | 0.178 | 0.215 | 0.234 |
| Assessed Valuation | | 2,843,406,631 | 2,814,237,746 | 2,813,050,955 | 2,806,088,231 | 2,795,235,760 |

Delinquent Taxes and Tax Title Liens

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

| Year | Amount of Tax Title Liens | Amount of Delinquent Taxes | Total Delinquent | Percentage Of Tax Levy |
|---------|---------------------------|----------------------------|------------------|------------------------|
| 2018 \$ | 196,305.21 | 247,879.00 | 444,184.21 | 1.67% |
| 2017 | 8,194.99 | 314,118.19 | 322,313.18 | 1.29% |
| 2016 | 7,609.78 | 174,346.09 | 181,955.87 | 0.78% |
| 2015 | 7,059.00 | 261,684.86 | 268,743.86 | 1.11% |
| 2014 | 6,489.37 | 307,620.12 | 314,109.49 | 1.34% |

Uniform Construction Code

The City of Cape May's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

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

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

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

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

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FINDINGS AND RECOMMENDATIONS

None

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to comments, if any.

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

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

Leon P. Costello

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

August 5, 2019

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