

**CITY OF CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2019**

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CITY OF CAPE MAY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED
DECEMBER 31, 2019



FORD - SCOTT

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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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 21 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 \$316,155.26 and \$291,683.10 for 2019 and 2018 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, 2019 and 2018, 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, 2019 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, 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 July 10, 2020 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

July 10, 2020

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Regular Fund:		
Cash:		
Treasurer	\$ 10,229,943.27	8,098,453.20
Petty Cash and Change Funds	950.00	950.00
Total Cash	10,230,893.27	8,099,403.20
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	206,158.69	247,879.00
Tax Title and Other Liens	9,464.70	196,305.21
Property Acquired for Taxes - at Assessed Valuation	83,316.00	83,316.00
Revenue Accounts Receivable	11,162.50	8,777.95
Due from County - Elections	25.00	-
Due from State:		
Chapter 20 P.L. 1971	24,156.61	17,275.82
Interfund Receivable:		
TTL Premium	39.08	7.59
Animal Control	1,629.29	694.67
Beach Utility Operating	3.66	-
Federal and State Grant Funds	-	116,471.38
Total Receivables and Other Assets	335,955.53	670,727.62
Total Regular Fund	10,566,848.80	8,770,130.82
Federal and State Grant Fund:		
Cash	450,286.89	450,286.89
Federal and State Grants Receivable	4,294,692.42	3,285,987.78
Due from Current Fund	12,679.23	-
Revolving Loan Receivable	600,000.00	600,000.00
Total Federal and State Grant Fund	5,357,658.54	4,336,274.67
Total Current Fund	\$ 15,924,507.34	13,106,405.49

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2019</u>	<u>2018</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,366,537.35	1,256,555.02
Reserve for Encumbrances/Accounts Payable	384,487.26	363,575.24
Prepaid Taxes	675,910.61	619,547.38
Overpaid Taxes	-	16,442.36
County Added Tax Payable	48,373.49	36,954.93
Regional School Tax (Overpaid)	(0.07)	(0.07)
Due to State:		
Marriage Licenses	1,800.00	475.00
DCA Training Fees	8,038.00	4,542.00
Interfund Payable:		
Utility Operating	27,078.29	-
Grant Fund	12,679.23	-
General Capital	25,000.00	25,000.00
Other:		
Payroll Taxes Payable	41,165.30	-
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	170,376.79	167,121.41
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
	2,875,675.62	2,604,442.64
Reserve for Receivables and Other Assets	311,798.92	653,451.80
Fund Balance	7,379,374.26	5,512,236.38
Total Regular Fund	10,566,848.80	8,770,130.82
Federal and State Grant Fund:		
Unappropriated Reserves	71,102.37	12,990.90
Appropriated Reserves	4,183,964.23	3,512,484.77
Reserve for Encumbrances/Accounts Payable	457,591.94	49,327.62
Due to Current Fund	-	116,471.38
Due to General Capital Fund	45,000.00	45,000.00
Reserve for Revolving Loans Receivable	600,000.00	600,000.00
Total Federal and State Grant Fund	5,357,658.54	4,336,274.67
Total Current Fund	\$ 15,924,507.34	13,106,405.49

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

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized		
Fund Balance	\$ 2,930,000.00	2,820,000.00
Miscellaneous Revenue Anticipated	9,386,640.26	7,407,672.44
Receipts from Delinquent Taxes	455,703.50	232,927.05
Receipts from Current Taxes	28,136,087.69	26,262,619.77
Non Budget Revenue	230,201.55	184,407.90
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	776,555.05	1,175,627.70
Interfund Returned	116,471.38	323,557.24
Prior Year Accounts Payable Cancelled	13,354.58	-
Total Income	<u>42,045,014.01</u>	<u>38,406,812.10</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,459,382.00	6,209,984.00
Other Expenses	5,222,549.00	5,681,936.00
Deferred Charges & Statutory Expenditures	1,690,200.00	1,641,899.63
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	795,668.00	780,067.00
Other Expenses	1,332,488.05	835,345.57
Capital Improvements	1,157,000.00	528,000.00
Debt Service	2,843,194.34	2,912,983.50
Deferred Charges	372,026.00	-
Local District School Tax	1,867,882.50	1,849,389.00
Regional District School Tax	7,369,201.00	6,401,189.00
County Tax	8,032,422.15	7,663,578.13
County Share of Added Tax	48,373.49	36,954.93
Senior Citizens' Deductions Disallowed by Collector -		
Prior Year Taxes	250.00	-
Refund of Prior Year Revenue	56,244.83	-
Interfund Created	969.77	699.42
Elections Due from the County	25.00	-
Prior Year Accounts Payable	-	82,977.71
Total Expenditures	<u>37,247,876.13</u>	<u>34,625,003.89</u>
Excess/(Deficit) in Revenue	<u>4,797,137.88</u>	<u>3,781,808.21</u>

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

	<u>2019</u>	<u>2018</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>
Statutory Excess to Fund Balance	<u>4,797,137.88</u>	<u>3,781,808.21</u>
Fund Balance January 1	<u>5,512,236.38</u>	<u>4,550,428.17</u>
	10,309,374.26	8,332,236.38
Decreased by:		
Utilization as Anticipated Revenue	<u>2,930,000.00</u>	<u>2,820,000.00</u>
Fund Balance December 31	<u>\$ 7,379,374.26</u>	<u>5,512,236.38</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,930,000.00		2,930,000.00	-
Total Fund Balance Anticipated	<u>2,930,000.00</u>	<u>-</u>	<u>2,930,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	55,000.00		55,940.00	940.00
Other	315,000.00		314,612.70	(387.30)
Fees and Permits	175,000.00		260,737.92	85,737.92
Fines and Costs:				
Municipal Court	190,000.00		220,487.33	30,487.33
Interest and Costs on Taxes	52,000.00		62,832.65	10,832.65
Parking Meters	1,080,000.00		1,779,682.86	699,682.86
Interest Earned on Investments	6,000.00		200,132.35	194,132.35
Hotel Room Tax	1,115,000.00		1,379,895.70	264,895.70
Lease and Rent Contracts	450,000.00		519,175.97	69,175.97
T.V. Cable Receipts	37,000.00		39,211.76	2,211.76
Victorian Towers - In Lieu of Taxes	180,000.00		192,252.03	12,252.03
Emergency Medical Services	330,000.00		374,302.64	44,302.64
Total Section A: Local Revenues	<u>3,985,000.00</u>	<u>-</u>	<u>5,399,263.91</u>	<u>1,414,263.91</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	530,000.00		912,909.50	382,909.50
Total Section C: Uniform Construction Code Fees	<u>530,000.00</u>	<u>-</u>	<u>912,909.50</u>	<u>382,909.50</u>
Section D: Interlocal Municipal Service Agreements				
Interlocal Agreement with West Cape May (Police Protection)	495,955.00		495,956.00	1.00
Interlocal Agreement with Cape May Point (Police Protection)	299,713.00		299,713.00	-
Total Section D: Interlocal Municipal Service Agreements	<u>795,668.00</u>	<u>-</u>	<u>795,669.00</u>	<u>1.00</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	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	160,000.00		160,000.00	-
Emergency Management Grant	10,000.00		10,000.00	-
County Open Space - Columbia Ave Park	189,208.00		189,208.00	-
County Open Space - CM Stage	90,000.00		90,000.00	-
Cops in Shops - 2019		3,960.00	3,960.00	-
NJDEP-Green Acres-Lafayette Street Park Nature Trail		500,000.00	500,000.00	-
NJ Transportation Trust Fund Authority-Reconstruc of PA Ave		200,000.00	200,000.00	-
DCA Neighborhood Preservation Program		125,000.00	125,000.00	-
WaWa Foundation-Police Vest Grant 2019		8,500.00	8,500.00	-
Clean Communities		20,284.05	20,284.05	-
Cape May-Soldiers and Sailors Park Improvements		100,000.00	100,000.00	-
Total Section F: Special Items - Public and Private Programs	449,208.00	957,744.05	1,406,952.05	-
Section G: Other Special Items				
Uniform Fire Safety Act	195,000.00		234,213.80	39,213.80
Water & Sewer Utility Contribution to Street Improvements	50,000.00		50,000.00	-
Reserve to Pay Debt Service	250,000.00		250,000.00	-
Total Section G: Other Special Items	495,000.00	-	534,213.80	39,213.80
Total Miscellaneous Revenues:	6,592,508.00	957,744.05	9,386,640.26	1,836,388.21
Receipts from Delinquent Taxes	172,000.00		455,703.50	283,703.50
Amount to be Raised by Taxes for Support of Municipal Budget	10,368,122.13		11,472,199.18	1,104,077.05
Local Tax for Municipal Purposes	10,368,122.13	-	11,472,199.18	1,104,077.05
Total Amount to be Raised by Taxes for Support of Municipal Budget	20,062,630.13	957,744.05	24,244,542.94	3,224,168.76
Budget Totals				
Non- Budget Revenues:			230,201.55	230,201.55
Other Non- Budget Revenues:			24,474,744.49	3,454,370.31
\$	20,062,630.13	957,744.05	24,474,744.49	3,454,370.31

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	28,136,087.69
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Less: Reserve for Tax Appeals Pending	_____
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Net Revenue from Collections	28,136,087.69
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Allocated to:

School, County and Other Taxes	17,804,949.64
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Balance for Support of Municipal Budget Appropriations	10,331,138.05
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,141,061.13
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Amount for Support of Municipal Budget Appropriations	11,472,199.18
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Receipts from Delinquent Taxes:

Tax Title Lien Collection	208,962.62
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Delinquent Tax Collection	246,740.88
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Total Receipts from Delinquent Taxes	455,703.50
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Accident Report	1,840.70
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Clerk's office	8,511.70
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Copy Machines	580.92
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GIS	17,345.00
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Parking Fees	9,625.00
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Sale of Municipal Assets	65,439.06
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Restitution	65.00
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PILOTS	16,715.70
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NSF Fees	480.00
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Recording Fees	286.00
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Shade Tree	6,962.50
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Marriage Ceremony/Fees	22,400.00
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JIF	10,130.65
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2% Admin Fee & Homestead Admin	952.60
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Cape May Pt - Court	20,282.58
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Dog Excess Revenue	934.62
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SRECS	16,270.00
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FEMA 2019	26,931.52
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Miscellaneous	4,448.00
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Total Miscellaneous Revenue Not Anticipated:	230,201.55
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries & Wages	\$ 88,000.00	88,000.00	86,138.01		1,861.99	-
Other Expenses	173,750.00	173,750.00	145,332.27	3,083.75	25,333.98	-
Mayor and Council						
Salaries & Wages	60,500.00	60,500.00	56,967.44		3,532.56	-
Other Expenses	7,300.00	7,300.00	4,801.28	145.26	2,353.46	-
City Clerk						
Salaries & Wages	161,000.00	161,000.00	159,280.14		1,719.86	-
Other Expenses	18,500.00	18,500.00	18,139.03	124.00	236.97	-
Financial Administration						
Salaries & Wages	150,000.00	150,000.00	149,238.46		761.54	-
Other Expenses	15,500.00	15,500.00	12,611.61		2,888.39	-
Audit Services						
Other Expenses	28,000.00	28,000.00	23,000.00		5,000.00	-
Assessment of Taxes						
Salaries & Wages	81,000.00	82,000.00	80,967.60		1,032.40	-
Other Expenses	18,500.00	18,500.00	17,035.28	111.40	1,353.32	-
Collection of Taxes						
Salaries & Wages	58,000.00	58,000.00	52,198.12		5,801.88	-
Other Expenses	10,000.00	10,000.00	6,830.64		3,169.36	-
Legal Services						
Other Expenses	380,000.00	305,000.00	208,516.44	2,476.84	94,006.72	-
Miscellaneous Other Expenses						
Engineering & Planning Services						
Other Expenses	30,000.00	30,000.00	15,176.44	7,900.00	6,923.56	-
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	16,211.90		1,788.10	-
INSURANCE						
General Liability						
Workers Compensation	318,750.00	243,750.00	173,766.48		69,983.52	-
Employee Group Health	360,000.00	335,000.00	317,877.65		17,122.35	-
Employee Group Health Waiver	2,159,949.00	2,064,949.00	1,575,891.95	1,348.54	487,708.51	-
Salaries & Wages	45,000.00	45,000.00			45,000.00	-

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, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board						
Salaries & Wages	2,500.00	2,500.00	2,500.00	-	-	-
Other Expenses	43,000.00	43,000.00	25,017.02	340.82	17,642.16	-
Zoning Board of Adjustment						
Salaries & Wages	41,500.00	41,500.00	31,250.00		10,250.00	-
Other Expenses	17,500.00	17,500.00	6,796.37		10,703.63	-
PUBLIC SAFETY						
Fire						
Salaries & Wages	1,525,000.00	1,525,000.00	1,490,781.88		34,218.12	-
Other Expenses	80,000.00	80,000.00	73,809.23	4,933.50	1,257.27	-
Aid to Volunteer Fire Company						
Other Expenses	37,500.00	37,500.00	37,500.00		-	-
Police						
Salaries & Wages	1,931,332.00	1,931,332.00	1,930,158.12		1,173.88	-
Other Expenses	188,000.00	188,000.00	130,530.96	52,409.81	5,069.23	-
Emergency Management Services						
Salaries & Wages	9,250.00	9,250.00	6,667.44		2,582.56	-
Other Expenses	6,500.00	6,500.00	1,663.27	4,827.90	8.83	-
Parking and Traffic Maintenance						
Salaries & Wages	103,000.00	107,000.00	105,571.10		1,428.90	-
Other Expenses	56,000.00	56,000.00	46,322.10	30.67	9,647.23	-
Public Safety						
Salaries & Wages	2,500.00	2,500.00			2,500.00	-
Other Expenses	1,000.00	1,000.00	25.62		974.38	-
Municipal Court						
Salaries & Wages	113,000.00	113,000.00	94,940.32		18,059.68	-
Other Expenses	83,000.00	83,000.00	62,928.96	72.00	19,999.04	-
Public Defender						
Other Expenses	8,300.00	8,300.00	7,500.00		800.00	-
PUBLIC WORKS FUNCTION						
Road Repairs and Maintenance						
Salaries & Wages	540,000.00	540,000.00	528,675.83		11,324.17	-
Other Expenses	235,000.00	235,000.00	142,655.65	18,955.51	73,388.84	-
Sanitary Landfill Contractual						
Other Expenses	27,000.00	27,000.00	13,746.38	822.72	12,430.90	-
Recycling						
Salaries & Wages	119,000.00	119,000.00	109,550.90		9,449.10	-
Other Expenses	170,000.00	170,000.00	118,667.63	10,693.65	40,638.72	-

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, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public Buildings and Grounds						
Salaries & Wages	689,000.00	689,000.00	584,324.75		104,675.25	-
Other Expenses	390,000.00	400,000.00	336,339.39	42,698.81	20,961.80	-
Shade Tree Commission						
Salaries & Wages	500.00	500.00			500.00	-
Other Expenses	42,500.00	42,500.00	38,050.62	4,094.00	365.38	-
Property Maintenance Enforcement						
Other Expenses	2,500.00	2,500.00			2,500.00	-
HEALTH AND HUMAN SERVICES						
Uniform Fire Safety						
Salaries & Wages	140,000.00	140,000.00	129,143.04		10,856.96	-
Other Expenses	20,000.00	20,000.00	11,761.62	6,111.00	2,127.38	-
Environmental Commission						
Salaries & Wages	1,800.00	1,800.00	1,280.00		520.00	-
Other Expenses	3,500.00	3,500.00			3,500.00	-
PARKS AND RECREATION FUNCTIONS						
Civic Affairs						
Salaries & Wages	146,000.00	146,000.00	137,931.25		8,068.75	-
Other Expenses	65,000.00	65,000.00	52,731.45	2,709.85	9,568.70	-
Historic Preservation Commission						
Salaries & Wages	12,500.00	12,500.00	2,929.07		9,570.93	-
Other Expenses	19,500.00	19,500.00	6,646.50		12,853.50	-
Grants Coordinator						
Other Expenses	25,000.00	25,000.00	23,035.00		1,965.00	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	434,000.00	434,000.00	428,775.04		5,224.96	-
Other Expenses	31,000.00	31,000.00	25,090.12		5,909.88	-
UNCLASSIFIED						
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	45,000.00	45,000.00	36,028.00	1,435.00	7,537.00	-
UTILITY EXPENSES AND BULK PURCHASES						
General Office Operations						
Street Lighting	145,000.00	145,000.00	130,932.59	2,692.74	11,374.67	-
Gas Lighting	135,000.00	135,000.00	113,494.63	12,130.56	9,374.81	-
Gas Lighting - Parts	37,500.00	37,500.00	25,329.06	4,749.63	7,421.31	-
Gas Lighting - Parts	14,000.00	14,000.00	10,848.00	2,936.00	216.00	-
TOTAL OPERATIONS WITHIN "CAPS"	11,935,931.00	11,680,931.00	10,186,909.65	187,833.96	1,306,187.39	-

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, 2019**

	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"	11,936,931.00	11,681,931.00	10,186,909.65	187,833.96	1,307,187.39
Detail:					
Salaries & Wages	6,454,382.00	6,459,382.00	6,169,268.51	-	290,113.49
Other Expenses	5,482,549.00	5,222,549.00	4,017,641.14	187,833.96	1,017,073.90
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None	-	-	-	-	-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	417,545.00	417,545.00	417,545.00	-	-
Social Security System (O.A.S.I.)	320,000.00	320,000.00	306,049.47	13,950.53	-
Police and Firemen's Retirement System	868,655.00	868,655.00	868,003.32	651.68	-
Unemployment Compensation Insurance	24,000.00	24,000.00	24,000.00	-	-
Reserve for Retirement Trust	55,000.00	55,000.00	55,000.00	-	-
Defined Contribution Retirement Program	5,000.00	5,000.00	2,366.25	2,633.75	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,685,200.00	1,690,200.00	1,672,964.04	17,235.96	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	13,622,131.00	13,372,131.00	11,859,873.69	187,833.96	1,324,423.35
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Length of Service Award Program - Fire	20,000.00	20,000.00	8,574.00	11,426.00	-
Interlocal Municipal Service Agreements					
Police Protection West Cape May & Cape May Point					
Contractual - West Cape May - Salaries & Wages	795,668.00	795,668.00	795,668.00	-	-
Rental of Borough Property - West Cape May	40,536.00	40,536.00	40,536.00	-	-
	856,204.00	856,204.00	844,778.00	11,426.00	-

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, 2019**

	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						
Emergency Management Grant	10,000.00	10,000.00	10,000.00	-	-	-
County Open Space - Columbia Ave Park	189,208.00	189,208.00	189,208.00	-	-	-
County Open Space - CM Stage	90,000.00	90,000.00	90,000.00	-	-	-
Cops in Shops - 2019		3,960.00	3,960.00	-	-	-
NJDEP-Green Acres-Lafayette Street Park Nature Trail		500,000.00	500,000.00	-	-	-
NJ Transportation Trust Fund Authority-Reconstruction of PA Ave		200,000.00	200,000.00	-	-	-
DCA Neighborhood Preservation Program		125,000.00	125,000.00	-	-	-
WaWa Foundation-Police Vest Grant 2019		8,500.00	8,500.00	-	-	-
Clean Communities		20,284.05	20,284.05	-	-	-
Cape May-Soldiers and Sailors Park Improvements		100,000.00	100,000.00	-	-	-
Matching Funds for Grants	25,000.00	25,000.00	100,000.00	25,000.00	-	-
Total Public and Private Programs Off-Set by Revenues	314,208.00	1,271,952.05	1,246,952.05	-	25,000.00	-
Total Operations - Excluded from "CAPS"	1,170,412.00	2,128,156.05	2,091,730.05	-	36,426.00	-
Detail:						
Salaries & Wages	795,668.00	795,668.00	795,668.00	-	-	-
Other Expenses	374,744.00	1,332,488.05	1,296,062.05	-	36,426.00	-
(C) Capital Improvements						
Capital Improvement Fund	125,000.00	375,000.00	375,000.00	-	-	-
Reserve for Open Space Acquisitions	222,000.00	222,000.00	222,000.00	-	-	-
Purchase of Recycling Trucks	400,000.00	400,000.00	394,312.00	-	5,688.00	-
New Jersey Transportation Trust Fund Authority Act	160,000.00	160,000.00	160,000.00	-	-	-
Total Capital Improvements	907,000.00	1,157,000.00	1,151,312.00	-	5,688.00	-
(D) Debt Service						
Payment of Bond Principal	2,002,836.16	2,002,836.16	2,002,836.16	-	-	-
Interest on Bonds	433,224.93	433,224.93	433,224.93	-	-	-
Interest on Notes	305,269.64	305,269.64	303,803.75	-	-	1,465.89
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	20,186.00	20,186.00	20,185.99	-	-	0.01
NJEIT Loans & Bonds	23,144.07	23,144.07	17,804.31	-	-	5,339.76
Capital Lease Obligations:						
Principal	47,160.95	47,160.95	47,160.95	-	-	-
Interest	18,178.25	18,178.25	18,178.25	-	-	-
Total Debt Service	2,850,000.00	2,850,000.00	2,843,194.34	-	-	6,805.66

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(E) Deferred Charges					
Deferred Charges - Future Taxation Unfunded					
Ord. #'s 1264; 104-2007; 151-2008; 161-2008;					
180-2009; 205-2010; 270-2013; 292-2015;					
315-2017	372,026.00	372,026.00	372,026.00	-	-
Total Deferred Charges	<u>372,026.00</u>	<u>372,026.00</u>	<u>372,026.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	5,299,438.00	6,507,182.05	6,458,262.39	42,114.00	6,805.66
SUBTOTAL GENERAL APPROPRIATIONS	<u>18,921,569.00</u>	<u>19,879,313.05</u>	<u>18,318,136.08</u>	<u>1,366,537.35</u>	<u>6,805.66</u>
(M) Reserve for Uncollected Taxes	1,141,061.13	1,141,061.13	1,141,061.13	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 20,062,630.13</u>	<u>21,020,374.18</u>	<u>19,459,197.21</u>	<u>1,366,537.35</u>	<u>6,805.66</u>
Budget		20,062,630.13			
Appropriations by 40A-4-87		957,744.05		Cancelled	6,805.66
		<u>21,020,374.18</u>		Overexpended	<u>6,805.66</u>
Reserve for Uncollected Taxes		1,141,061.13			
Federal and State Grants		1,406,952.05			
Rental of Borough Property - West Cape May		40,536.00			
Disbursements		16,870,648.03			
		<u>19,459,197.21</u>			

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

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**EXHIBIT - B
TRUST FUND**

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

	2019	2018
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 4,264.26	3,274.69
	4,264.26	3,274.69
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	316,155.26	291,683.10
	316,155.26	291,683.10
<u>Other Funds</u>		
Cash and Investments	3,641,116.15	3,287,252.05
	3,641,116.15	3,287,252.05
	\$ 3,961,535.67	3,582,209.84

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>2019</u>	<u>2018</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 2,618.17	2,572.22
Due to Current Fund	1,629.29	694.67
Due to State of New Jersey	16.80	7.80
	<u>4,264.26</u>	<u>3,274.69</u>
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	316,155.26	291,683.10
	<u>316,155.26</u>	<u>291,683.10</u>
<u>Other Funds</u>		
Reserve for:		
Due to Current Fund	39.08	7.59
Unemployment Compensation	32,864.90	52,980.10
Retirement Fund	149,572.63	143,387.73
Parking Offense Adjudication Act	23,886.99	20,415.82
Street Openings	164,905.58	144,638.77
Tax Lien Premiums	2,070.26	2,070.26
Parking Escrow	125,833.96	91,162.79
Lifeguard Pension	628,273.34	608,142.76
Police Forfeiture	1,614.84	1,590.73
COAH	1,207,812.37	949,715.18
Fire Safety	5,720.73	20,773.58
Neighborhood Revitalization	142,964.26	140,830.05
Security Deposits	26,641.72	26,244.00
DARE	536.99	528.98
Small Cities Block Grant	748,482.06	737,308.55
Public Assistance	3,574.97	3,521.59
Performance Bond	324,637.59	302,676.51
Police Off-Duty	44,079.37	34,554.99
Flexible Spending	1,878.23	1,061.32
Fishermen's Memorial	5,034.88	4,959.69
Dellas Field	691.40	681.06
	<u>3,641,116.15</u>	<u>3,287,252.05</u>
	<u>\$ 3,961,535.67</u>	<u>3,582,209.84</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 2,984,555.92	2,981,617.19
Deferred Charges to Future Taxation -		
Funded	21,332,239.14	13,219,091.99
Unfunded	23,940,484.97	32,567,510.97
State Grant Receivable	303,066.77	303,066.77
NJEIT Loans Receivable	35,670.53	35,670.53
Due from Current Fund	25,000.00	25,000.00
Due from Grant Fund	45,000.00	45,000.00
	<u>48,666,017.33</u>	<u>49,176,957.45</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,067,177.47	1,249,444.81
Bond Anticipation Notes Payable	-	10,155,000.00
Serial Bonds Payable	21,177,080.55	13,024,916.71
Green Trust Loan Payable	113,597.44	131,246.31
Environmental Infrastructure Trust Loans Payable	41,561.15	62,928.97
Due to Beach Capital Fund	10,000.00	10,000.00
Due to W/S Capital Fund	15,000.00	15,000.00
Improvement Authorizations:		
Funded	1,498,651.95	940,773.21
Unfunded	19,991,420.65	20,145,617.90
Reserve to Pay Bonds or Notes	1,182,880.77	445,382.19
Reserve for Open Space	2,608,569.00	2,386,569.00
Reserves Other	26,575.60	26,575.60
Capital Improvement Fund	339,301.00	64,301.00
Fund Balance	594,201.75	519,201.75
	<u>\$ 48,666,017.33</u>	<u>49,176,957.45</u>

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

2018	22,412,510.97
2019	23,940,484.97

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

	<u>2019</u>	<u>2018</u>
Beginning Balance January 1	\$ 519,201.75	237,980.45
Increased by:		
Premiums on sale of Bonds & Notes	-	106,221.30
Pool Ordinance 2014-283	75,000.00	175,000.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		-
Ending Balance December 31	<u>\$ 594,201.75</u>	<u>519,201.75</u>

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,638,515.88	1,260,384.67
	<u>1,638,515.88</u>	<u>1,260,384.67</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	27,725.40	15,214.82
Interfunds:		
Due from Current	27,078.29	-
	<u>54,803.69</u>	<u>15,214.82</u>
Deferred Charges:		
Overexpenditure of Appropriation	67,215.72	20,871.53
	<u>67,215.72</u>	<u>20,871.53</u>
Total Operating Fund	<u>1,760,535.29</u>	<u>1,296,471.02</u>
Capital Fund:		
Cash	1,633,487.99	1,768,766.58
Loans Receivable	459,132.47	459,132.47
Due from General Capital	15,000.00	15,000.00
Fixed Capital	18,975,433.85	18,975,433.85
Fixed Capital - Authorized and Uncompleted	26,170,155.99	26,170,155.99
Total Capital Fund	<u>47,253,210.30</u>	<u>47,388,488.89</u>
	<u>\$ 49,013,745.59</u>	<u>48,684,959.91</u>

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

	2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 549,511.04	240,353.88
Reserve for Encumbrances	68,833.30	75,560.00
Overpaid Rents	26,224.75	34,476.32
Sales Tax Payable	190.71	190.71
Accrued Interest on Bonds and Notes	188,654.80	162,940.19
Reserve for Sewer Treatment Plant	809.71	809.71
	834,224.31	514,330.81
Reserve for Receivables	27,725.40	15,214.82
Fund Balance	898,585.58	766,925.39
	1,760,535.29	1,296,471.02
Total Operating Fund		
Capital Fund:		
Encumbrances Payable	266,170.25	511,747.97
Bond Anticipation Notes Payable	-	3,635,000.00
Serial Bonds Payable	7,519,211.14	3,968,559.66
Loans Payable	8,257,346.52	8,464,301.09
Improvement Authorizations:		
Funded	766,565.51	797,936.28
Unfunded	1,517,359.25	2,208,848.86
Reserve for Amortization	25,250,788.95	24,974,315.86
Deferred Reserve for Amortization	1,789,655.23	1,789,655.23
Reserve for Debt Service	1,357,807.11	519,817.60
Capital Improvement Fund	150,000.00	140,000.00
Fund Balance	378,306.34	378,306.34
	47,253,210.30	47,388,488.89
	\$ 49,013,745.59	48,684,959.91

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

2018	2,943,588.00
2019	2,328,588.00

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

	2019	2018
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 600,000.00	732,314.00
Water and Sewer Rents	6,419,755.76	6,275,219.01
Reserve to Pay Bonds and Notes	205,121.53	131,000.00
Miscellaneous	166,128.96	67,922.16
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	158,049.87	233,729.85
Total Income	7,549,056.12	7,440,185.02
Expenditures		
Operations:		
Salaries and Wages	827,000.00	780,000.00
Other Expenses	4,431,850.00	4,475,020.00
Capital Improvements	60,000.00	60,000.00
Debt Service	1,453,117.50	1,527,236.86
Deferred Charges and Statutory Expenditures	109,021.53	87,220.00
Prior Year Accounts Payable	3,622.62	-
Total Expenditures	6,884,611.65	6,929,476.86
Excess in Revenue	664,444.47	510,708.16
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	67,215.72	20,871.53
Total Adjustments	67,215.72	20,871.53
Excess in Operations	731,660.19	531,579.69
Fund Balance January 1	766,925.39	967,659.70
	1,498,585.58	1,499,239.39
Decreased by:		
Utilization as Anticipated Revenue	600,000.00	732,314.00
Fund Balance December 31	\$ 898,585.58	766,925.39

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

	2019	2018
Beginning Balance January 1	\$ 378,306.34	340,284.24
Increased by:		
Premiums on Sale of Bonds & Notes	-	38,022.10
Decreased by:		
None	-	-
Ending Balance December 31	\$ 378,306.34	378,306.34

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 600,000.00	600,000.00	-
Anticipated Revenue:			
Water and Sewer Rents	6,257,750.00	6,419,755.76	162,005.76
Miscellaneous	65,000.00	166,128.96	101,128.96
Reserve to Pay Bond and Notes	205,121.53	205,121.53	-
	<u>\$ 7,127,871.53</u>	<u>7,391,006.25</u>	<u>263,134.72</u>
Analysis of Realized Revenue:			
Water and Sewer Rents			
Accounts Receivable	6,419,755.76		
Total Water & Sewer Rents		<u>6,419,755.76</u>	
Miscellaneous Revenue			
Interest on Investments	45,418.32		
Penalties and Interest	4,986.79		
Fire Sprinkler Fees	3,000.00		
Sewer Connections	13,531.00		
Meter Installations	57,101.00		
Reconnection Fees	936.43		
Special Reading Charge	10,700.00		
Shut Off Notice Fee	5,135.00		
Disconnection Fees	700.00		
WCM Interlocal	1,389.00		
Miscellaneous	23,231.42		
Total Miscellaneous		<u>166,128.96</u>	

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 877,000.00	877,000.00	805,111.17		21,888.83	50,000.00
Other Expenses	4,581,850.00	4,581,850.00	3,838,662.40	68,833.30	524,354.30	150,000.00
	<u>5,458,850.00</u>	<u>5,458,850.00</u>	<u>4,643,773.57</u>	<u>68,833.30</u>	<u>546,243.13</u>	<u>200,000.00</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	906,500.00	906,500.00	898,548.45		0.00	7,951.55
Payment on Bond Anticipation Notes & Capital Notes	65,000.00	65,000.00			-	65,000.00
Interest on Bonds	419,500.00	419,500.00	486,715.72		0.00	(67,215.72)
Interest on Notes	109,000.00	109,000.00	67,853.33		-	41,146.67
	<u>1,500,000.00</u>	<u>1,500,000.00</u>	<u>1,453,117.50</u>	<u>-</u>	<u>0.00</u>	<u>46,882.50</u>
Deferred Charges and Statutory Expenditures:						
Overexpenditure of Appropriation	20,871.53	20,871.53	20,871.53		-	
PERS	15,000.00	15,000.00	15,000.00		-	
Social Security System (O.A.S.I.)	67,250.00	67,250.00	63,982.09		3,267.91	
Unemployment Compensation Insurance	3,900.00	3,900.00	3,900.00		-	
Retirement Trust	2,000.00	2,000.00	2,000.00		-	
	<u>109,021.53</u>	<u>109,021.53</u>	<u>105,753.62</u>	<u>-</u>	<u>3,267.91</u>	<u>-</u>
\$	<u><u>7,127,871.53</u></u>	<u><u>7,127,871.53</u></u>	<u><u>6,262,644.69</u></u>	<u><u>68,833.30</u></u>	<u><u>549,511.04</u></u>	<u><u>246,882.50</u></u>
		Cash Disbursed	\$ 6,279,288.12		Cancelled	314,098.22
		Deferred Charge	20,871.53		Overexpended	(67,215.72)
		Reimbursements	(63,229.57)			<u>246,882.50</u>
		Accrued Interest	25,714.61			
			<u><u>6,262,644.69</u></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,**

	2019	2018
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,764,873.47	1,425,887.90
	1,764,873.47	1,425,887.90
Deferred Charges:		
Overexpenditure of Appropriation	14,674.53	6,834.02
	14,674.53	6,834.02
Total Operating Fund	1,779,548.00	1,432,721.92
Capital Fund:		
Cash	918,617.55	840,001.98
Fixed Capital - Authorized and Uncompleted	5,489,900.00	5,489,900.00
Due from General Capital	10,000.00	10,000.00
Due from Beach Operating	93.94	93.94
Total Capital Fund	6,418,611.49	6,339,995.92
	\$ 8,198,159.49	7,772,717.84

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

	2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 207,016.07	166,863.37
Encumbrances Payable	32,397.96	22,171.56
Accrued Interest on Bonds and Notes	35,462.03	30,318.75
Due to Current Fund	3.66	-
Due to Beach Capital	93.94	93.94
	274,973.66	219,447.62
 Fund Balance	 1,504,574.34	 1,213,274.30
 Total Operating Fund	 1,779,548.00	 1,432,721.92
Capital Fund:		
Encumbrances Payable	48,663.07	56,278.00
Bond Anticipation Notes Payable	-	715,000.00
General Serial Bonds Payable	2,100,000.00	1,490,000.00
Reserve for Amortization	1,845,000.00	1,695,000.00
Improvement Authorizations		
Funded	341,118.48	245,026.98
Unfunded	1,159,000.94	1,337,766.32
Reserve to Pay Bonds	73,904.38	-
Capital Improvement Fund	729,000.00	679,000.00
Fund Balance	121,924.62	121,924.62
	6,418,611.49	6,339,995.92
 Total Capital Fund	 8,198,159.49	 7,772,717.84
	\$	

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

2018	1,589,900.00
2019	1,544,900.00

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

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 301,834.02	274,475.00
Beach Fees	2,666,940.34	2,464,499.00
Miscellaneous Revenue	40,052.85	1,503.03
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves	162,125.03	155,921.03
Total Income	<u>3,170,952.24</u>	<u>2,896,398.06</u>
Expenditures		
Operations:		
Salaries and Wages	1,557,000.00	1,487,000.00
Other Expenses	571,500.00	548,975.00
Capital Improvements	50,000.00	150,000.00
Debt Service	221,233.69	210,309.02
Deferred Charges and Statutory Expenditures	186,834.02	174,000.00
Prior Year Accounts Payable	5,925.00	-
Total Expenditures	<u>2,592,492.71</u>	<u>2,570,284.02</u>
Excess/(Deficit) in Revenue	<u>578,459.53</u>	<u>326,114.04</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	14,674.53	6,834.02
Total Adjustments	<u>14,674.53</u>	<u>6,834.02</u>
Excess in Operations	<u>593,134.06</u>	<u>332,948.06</u>
Fund Balance January 1	<u>1,213,274.30</u>	<u>1,154,801.24</u>
	1,806,408.36	1,487,749.30
Decreased by:		
Utilization as Anticipated Revenue	<u>301,834.02</u>	<u>274,475.00</u>
Fund Balance December 31	<u>\$ 1,504,574.34</u>	<u>1,213,274.30</u>

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

	2019	2018
Beginning Balance January 1	\$ 121,924.62	114,445.72
Increased by:		
Premiums on sale of Bonds & Notes	-	7,478.90
Decreased by:		
None	-	-
Ending Balance December 31	\$ 121,924.62	121,924.62

**BEACH UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 301,834.02	301,834.02	-
Anticipated Revenue:			
Beach Fees	2,304,000.00	2,666,940.34	362,940.34
Miscellaneous	1,000.00	40,052.85	39,052.85
	\$ 2,606,834.02	3,008,827.21	401,993.19
Analysis of Realized Revenue:			
Beach Fees			
Collections	2,666,940.34		
Total Beach Fees		2,666,940.34	
Miscellaneous Revenue			
Miscellaneous	369.00		
Interest on Investments	39,683.85		
Total Miscellaneous		40,052.85	

**BEACH UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 1,557,000.00	1,557,000.00	1,446,094.60	110,905.40	
Other Expenses	571,500.00	571,500.00	452,344.54	32,397.96	86,757.50
	<u>2,128,500.00</u>	<u>2,128,500.00</u>	<u>1,898,439.14</u>	<u>32,397.96</u>	<u>197,662.90</u>
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	
	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>	<u>-</u>
Debt Service:					
Bond Principal	150,000.00	150,000.00	150,000.00	-	
Payment on Bond Anticipation Notes & Capital Notes	25,000.00	25,000.00			25,000.00
Interest on Bonds	45,000.00	45,000.00	59,674.53		(14,674.53)
Interest on Notes	21,500.00	21,500.00	11,559.16		9,940.84
	<u>241,500.00</u>	<u>241,500.00</u>	<u>221,233.69</u>	<u>-</u>	<u>20,266.31</u>
Deferred Charges and Statutory Expenditures:					
Overexpenditure of Appropriation	6,834.02	6,834.02	6,834.02	-	
Social Security System	120,000.00	120,000.00	110,646.83	9,353.17	
Unemployment	20,000.00	20,000.00	20,000.00	-	
Lifeguard Pension	40,000.00	40,000.00	40,000.00	-	
	<u>186,834.02</u>	<u>186,834.02</u>	<u>177,480.85</u>	<u>9,353.17</u>	<u>-</u>
	<u>\$ 2,606,834.02</u>	<u>2,606,834.02</u>	<u>2,347,153.68</u>	<u>32,397.96</u>	<u>207,016.07</u>
		Cash Disbursed	\$ 2,335,176.38	Cancelled	34,940.84
		Deferred Charge	6,834.02	Overexpended	(14,674.53)
		Accrued Interest	5,143.28		20,266.31
			<u>\$ 2,347,153.68</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,**

	2019	2018
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,058,765.52	1,013,112.72
Change Fund	500.00	500.00
	1,059,265.52	1,013,612.72
Total Operating Fund	1,059,265.52	1,013,612.72
	1,059,265.52	1,013,612.72
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	137,626.88	147,641.66
Encumbrances Payable	24,133.01	9,831.42
Accounts Payable	280.00	236.46
Sales Tax Payable	630.89	630.89
Due to Security Deposit	40,817.50	34,817.50
	203,488.28	193,157.93
Fund Balance	855,777.24	820,454.79
Total Operating Fund	1,059,265.52	1,013,612.72
	\$ 1,059,265.52	1,013,612.72

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

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 150,000.00	125,000.00
Tourism Fees	1,229,681.95	1,297,698.93
Other Credits to Income:		
Miscellaneous Revenue not Anticipated	15,773.40	5,032.51
Unexpended Balance of Appropriation Reserves	119,630.64	96,725.85
Prior Year Accounts Payable Cancelled	236.46	-
Total Income	<u>1,515,322.45</u>	<u>1,524,457.29</u>
Expenditures		
Operations:		
Salaries and Wages	475,000.00	452,000.00
Other Expenses	855,000.00	793,000.00
Refund of Prior Year's Revenue	-	145.00
Total Expenditures	<u>1,330,000.00</u>	<u>1,245,145.00</u>
Excess/(Deficit) in Revenue	<u>185,322.45</u>	<u>279,312.29</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>185,322.45</u>	<u>279,312.29</u>
Fund Balance January 1	<u>820,454.79</u>	<u>666,142.50</u>
	1,005,777.24	945,454.79
Decreased by:		
Utilization as Anticipated Revenue	<u>150,000.00</u>	<u>125,000.00</u>
Fund Balance December 31	<u>\$ 855,777.24</u>	<u>820,454.79</u>

**TOURISM UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated Budget	Realized	Excess or (Deficit)
Anticipated Revenue:			
Surplus Anticipated	\$ 150,000.00	150,000.00	-
Tourism Fees & Events	550,000.00	589,381.97	39,381.97
Hotel Room Tax	278,000.00	328,000.00	50,000.00
Lease and Rent Contracts	287,000.00	247,249.98	(39,750.02)
Mercantile License Fee	65,000.00	65,050.00	50.00
Miscellaneous	-	15,773.40	15,773.40
	<u>\$ 1,330,000.00</u>	<u>1,395,455.35</u>	<u>65,455.35</u>

Analysis of Realized Revenue:

Tourism Fees Collections	589,381.97
	<u>589,381.97</u>
Miscellaneous Miscellaneous Interest	3,493.00 12,280.40
	<u>15,773.40</u>

**TOURISM UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 460,000.00	475,000.00	474,818.55		181.45	-
Other Expenses	870,000.00	855,000.00	693,421.56	24,133.01	137,445.43	-
	<u>1,330,000.00</u>	<u>1,330,000.00</u>	<u>1,168,240.11</u>	<u>24,133.01</u>	<u>137,626.88</u>	<u>-</u>
	<u>\$ 1,330,000.00</u>	<u>1,330,000.00</u>	<u>1,168,240.11</u>	<u>24,133.01</u>	<u>137,626.88</u>	<u>-</u>
Cash Disbursed			\$ 1,168,245.70			
Reimbursements			(5.59)			
			<u>\$ 1,168,240.11</u>			

EXHIBIT - G
GENERAL FIXED ASSET ACCOUNT GROUP

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

	<u>2019</u>	<u>2018</u>
<u>General Fixed Assets</u>		
Land, Buildings and Improvements	\$ 26,950,561.09	26,787,058.12
Machinery and Equipment	10,357,038.63	11,303,792.21
	<u>37,307,599.72</u>	<u>38,090,850.33</u>
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	37,307,599.72	38,090,850.33
	<u>\$ 37,307,599.72</u>	<u>38,090,850.33</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(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 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, may have an effect on the City'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 City'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 an effect on the City's financial reporting.

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

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2020, will not have any an effect on the City's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 and 2018 statutory budgets included a reserve for uncollected taxes in the amount of \$1,141,061.13 and \$1,089,919.89. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 and 2018 statutory budgets was \$2,930,000.00 and \$2,820,000.00. 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 2019 and 2018 statutory budgets was \$600,000.00 and \$732,314.00. The amount of fund balance budgeted to balance the beach utility budget in 2019 and 2018 statutory budgets was \$301,834.02 and \$274,475.00. The amount of fund balance budgeted to balance to tourism utility budget in 2019 and 2018 was \$150,000.00 and \$125,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following more significant budget transfers were approved in the 2019 and 2018 calendar years:

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
<u>Current Fund:</u>		
Legal Services		
Other Expenses	\$ (75,000.00)	40,000.00
Insurance		
General Liability	(75,000.00)	(89,000.00)
Employee Group Health	(95,000.00)	(50,000.00)
Fire		
Salaries and Wages		45,000.00
Municipal Court		
Salaries and Wages		(45,000.00)
Other Expenses		45,000.00
Capital Improvement Fund	250,000.00	
Construction Official		
Salaries and Wages		30,000.00
<u>Water/Sewer Utility Fund:</u>	None	None
<u>Tourism Utility Fund:</u>		
Operations		
Salaries and Wages	15,000.00	12,000.00
Other Expenses	(15,000.00)	(12,000.00)
<u>Beach Utility Fund:</u>	None	None

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 2019 and 2018, the following budget insertions were approved:

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
Clean Communities Program	\$ 20,284.05	18,135.15
WWI Centennial Memorials Grant	-	2,000.00
NJDEP-Green Acres - Lafayette Street Park Nature Trail	500,000.00	-
US Dept HUD - CDBG - Conv Hall Annex Streetscape	-	253,000.00
USDA - Rural Dev. - Public Address/Early Warning System	-	35,600.00
NJ Transportation Trust Fund Authority-Recon. of PA Ave	200,000.00	-
DCA Neighborhood Preservation Program	125,000.00	-
WaWa Foundation-Police Vest Grant 2019	8,500.00	-
Emergency Management - EMAA Grant	-	10,000.00
Cops in Shops	3,960.00	3,960.00

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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 2019.

NOTE 3: INVESTMENTS

As of December 31, 2019 and 2018, 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.

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, 2019, \$3,945,520.29 of the City's bank balance of \$24,588,360.56 was exposed to custodial credit risk. 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.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2019 and 2018:

	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>
	Balance 12/31/2018	Additions	Retirements/ Adjustments	Balance 12/31/2019
Land, Building and Improvements	\$ 26,787,058.12	301,371.37	(137,868.40)	26,950,561.09
Equipment and Machinery	11,303,792.21	919,481.10	(1,866,234.68)	10,357,038.63
	<u>38,090,850.33</u>	<u>1,220,852.47</u>	<u>(2,004,103.08)</u>	<u>37,307,599.72</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	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>
	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation Notes payable:				
General	\$ 10,155,000.00		10,155,000.00	-
Water and Sewer Utility	3,635,000.00		3,635,000.00	-
Beach Utility	715,000.00		715,000.00	-
	<u>\$ 14,505,000.00</u>	<u>-</u>	<u>14,505,000.00</u>	<u>-</u>

The note was payable on July 12, 2019 with interest at 3.000%. As of December 31, 2019, the City has authorized but not issued bonds in the amount of \$23,940,484.97, \$2,328,588.00, \$1,544,900.00 in the General Capital Fund, Water and Sewer Utility Capital Fund and Beach Utility Capital Fund respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	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>
	Balance 12/31/18	Issued	Retired	Balance 12/31/19	Amounts Due Within One Year
Bonds payable:					
General	\$ 13,024,916.71	10,155,000.00	2,002,836.16	21,177,080.55	1,982,080.55
Water Sewer Utility	3,968,559.66	4,250,000.00	699,348.52	7,519,211.14	963,621.14
Beach Utility	1,490,000.00	760,000.00	150,000.00	2,100,000.00	220,000.00
Total	<u>18,483,476.37</u>	<u>15,165,000.00</u>	<u>2,852,184.68</u>	<u>30,796,291.69</u>	<u>3,165,701.69</u>
Other liabilities:					
Loans Payable:					
General	194,175.28		39,016.69	155,158.59	38,973.27
Water Sewer Utility	8,464,301.09		206,954.57	8,257,346.52	212,130.38
Compensated Absences Payable	<u>1,306,697.05</u>		<u>8,457.37</u>	<u>1,298,239.68</u>	
Total long-term liabilities	<u>\$ 28,448,649.79</u>	<u>15,165,000.00</u>	<u>3,106,613.31</u>	<u>40,507,036.48</u>	<u>3,416,805.34</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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, 2019 is \$117,080.55.

\$6,340,000 General Bonds dated October 1, 2008, due in annual installments through October 1, 2019, bearing interest at various rates. There is no balance remaining as of December 31, 2019.

\$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, 2019 is \$7,140,000.00.

\$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, 2019 is \$3,765,000.00.

\$10,155,000 General Bonds dated July 11, 2019, due in annual installments through February 1, 2031, bearing interest at various rates. The balance remaining as of December 31, 2019 is \$10,155,000.00.

\$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, 2019 is \$113,597.44.

\$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, 2019 is \$9,800.00.

\$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, 2019 is \$6,751.45.

\$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, 2019 is \$10,309.70.

\$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, 2019 is \$14,700.00.

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, 2019 is \$106,316.14.

\$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, 2019 is \$22,895.00.

\$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, 2019 is \$150,000.00.

\$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, 2019 is \$1,340,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

\$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, 2019 is \$1,650,000.00.

\$4,250,000 General Bonds dated July 11, 2019, due in annual installments through February 1, 2031, bearing interest bearing interest at various rates. The balance remaining as of December 31, 2019 is \$4,250,000.00.

\$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, 2019 is \$10,200.00.

\$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, 2019 is \$7,027.02.

\$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, 2019 is \$10,730.51.

\$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, 2019 is \$1,182,557.68.

\$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, 2019 is \$15,300.00.

\$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, 2019 is \$1,019,848.29.

\$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, 2019 is \$1,714,973.01.

\$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, 2019 is \$1,123,322.16.

\$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, 2019 is \$1,258,120.81.

\$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, 2019 is \$1,495,267.04.

\$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, 2019 is \$420,000.00.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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, 2026, bearing interest at 3.00% per annum. The balance remaining as of December 31, 2019 is \$1,340,000.00.

\$760,000 General Bonds dated July 11, 2019, due in annual installments through February 1, 2027, bearing interest at various rates. The balance remaining as of December 31, 2019 is \$760,000.00.

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

Year Ending December 31,	General Capital Fund	
	Principal	Interest
2020	1,982,080.55	776,992.29
2021	1,980,000.00	683,475.00
2022	2,130,000.00	610,825.00
2023	2,280,000.00	532,675.00
2024	2,370,000.00	446,725.00
2025-2029	8,155,000.00	969,612.50
2030-2031	2,280,000.00	68,100.00
	<u>\$ 21,177,080.55</u>	<u>4,088,404.79</u>

Year Ending December 31,	Utility Capital Fund		Beach Utility Capital Fund	
	Principal	Interest	Principal	Interest
2020	963,621.14	276,314.46	220,000.00	77,544.44
2021	747,670.00	231,537.75	240,000.00	67,450.00
2022	807,920.00	203,248.00	260,000.00	58,600.00
2023	840,000.00	172,950.00	280,000.00	48,950.00
2024	880,000.00	140,600.00	300,000.00	38,500.00
2025-2029	2,350,000.00	313,950.00	800,000.00	44,400.00
2030-2031	930,000.00	28,350.00		
	<u>\$ 7,519,211.14</u>	<u>1,366,950.21</u>	<u>2,100,000.00</u>	<u>335,444.44</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

Year Ending December 31,	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
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	19,495.33	690.67	215,142.21	256,730.48
2025-2029	19,887.18	298.82	1,189,988.69	1,167,074.76
2030-2034			1,422,615.13	943,442.06
2035-2039			1,544,072.01	671,161.01
2040-2044			1,247,644.98	440,030.97
2045-2049			1,199,466.65	224,921.70
2050-2054			597,974.62	51,410.75
	<u>\$ 155,158.59</u>	<u>9,264.18</u>	<u>8,257,346.52</u>	<u>4,851,894.67</u>

As of December 31, 2019, 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 \$741,342.06. \$554,569.05 was charged to the water and sewer utility budget and \$71,233.69 to the beach utility budget.

<u>Summary of Municipal Debt</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 21,332,239.14	\$ 23,374,091.99	\$ 23,545,622.09
Water/Sewer Utility - Bonds and Notes	15,776,557.66	16,067,860.75	14,405,266.68
Beach Utility - Bonds and Notes	2,100,000.00	2,205,000.00	1,955,000.00
Total Issued	<u>39,208,796.80</u>	<u>41,646,952.74</u>	<u>39,905,888.77</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	23,940,484.97	22,412,510.97	22,777,872.66
Water/Sewer Utility - Bonds and Notes	2,328,588.00	2,943,588.00	4,607,536.00
Beach Utility - Bonds and Notes	1,544,900.00	1,589,900.00	1,596,900.00
Total Authorized But Not Issued	<u>27,813,972.97</u>	<u>26,945,998.97</u>	<u>28,982,308.66</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 67,022,769.77</u>	<u>68,592,951.71</u>	<u>68,888,197.43</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 1.495%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 3,202,156.20	3,202,156.20	-
Water and Sewer Utility Debt	18,105,145.66	18,105,145.66	-
Beach Utility	3,644,900.00	3,644,900.00	-
General Debt	45,272,724.11	1,182,880.77	44,089,843.34
	<u>\$ 70,224,925.97</u>	<u>26,135,082.63</u>	<u>44,089,843.34</u>

Net Debt \$44,089,843.34 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,949,910,923.33 = 1.495%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	103,246,882
Net Debt		44,089,843
Remaining Borrowing Power	<u>\$</u>	<u>59,157,039</u>

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 and 2018, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	\$ 3,315,000.00	2,930,000.00
Water/Sewer Utility	675,000.00	600,000.00
Beach Utility	360,000.00	301,834.02
Tourism Utility	178,000.00	150,000.00

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>12/31/2019</u>	<u>12/31/2018</u>
Balance of Tax	\$ 928,346.80	\$ 909,852.30
Deferred	928,346.80	909,852.30
Tax Payable	<u>\$ -</u>	<u>-</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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:

	12/31/2018	12/31/2018
Balance of Tax	\$ 3,918,888.43	\$ 3,450,312.43
Deferred	3,918,888.50	3,450,312.50
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:

	Balance 12/31/19	Balance 12/31/18
Prepaid Taxes	<u>\$ 675,910.61</u>	<u>619,547.38</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 675,910.61</u>	<u>619,547.38</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.

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 five individuals enrolled in DCRP.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Police and Fireman's Retirement System

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

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 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.69% of covered payroll. The City's contributions to PERS for the years ended December 31, 2019, 2018, and 2017 were \$432,545.00, \$441,587.15 and \$444,793.22.

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, 2019, 2018, and 2017 were \$868,003.32, \$788,690.00 and \$768,500.86.

The total payroll for the year ended December 31, 2019, 2018 and 2017 was \$8,929,755.70, \$8,399,361.76 and \$8,120,425.96. Payroll covered by PFRS was \$3,000,302.00, \$3,050,946.00 and \$2,940,114.00. Payroll covered by PERS was \$3,193,362.00, \$2,944,262.00 and \$2,942,734.00.

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, 2019 was \$628,273.34. Currently there are ten individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2019, 2018 and 2017 were \$52,008.00, \$53,902.67 and \$48,146.00.

Significant Legislation

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

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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, 2019 AND 2018
(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 City's pension liabilities. However, due to the fact that the City reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the City's pension liabilities as June 30, 2019:

Public Employees' Retirement System

The City has a liability of \$7,426,234.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion would be 0.04121563270%, which would be a decrease of 2.45% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City would have recognized pension expense of \$215,773.00. At December 31, 2019, the City 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	\$ 133,291	\$ (32,806)
Changes of assumptions	741,537	(2,577,622)
Changes in proportion	174,989	(884,906)
Net difference between projected and actual earnings on pension plan investments		(117,226)
Total	<u>\$ 1,049,817</u>	<u>\$ (3,612,560)</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,	
2020	\$ (296,598)
2021	(962,157)
2022	(859,150)
2023	(403,415)
2024	(41,423)
Total	<u>\$ (2,562,743)</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 200 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were base on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.28%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.28%) or 1-percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
City's proportionate share of the net pension liability	\$ 8,912,712	\$ 7,426,234	\$ 6,175,121

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

Police and Firemen's Retirement System

The City has a liability of \$11,066,017.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2018 that was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion would be 0.09042475190%, which would be an increase of 2.36% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City would have recognized pension expense of \$1,020,352.00. At December 31, 2019, the City 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	\$ 93,411	\$ (70,061)
Changes of assumptions	379,182	(3,576,435)
Changes in proportion	437,683	(474,610)
Net difference between projected and actual earnings on pension plan investments		(149,941)
Total	<u>\$ 910,276</u>	<u>\$ (4,271,047)</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,	
2020	\$ (586,588)
2021	(1,231,342)
2022	(872,048)
2023	(429,860)
2024	(240,933)
Total	<u>\$ (3,360,771)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109/3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City'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, 2019, 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 (5.74%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
City's proportionate share of the net pension liability	14,496,573.83	11,066,017.00	8,227,007.76

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, 2019 State special funding situation net pension liability amount of \$1,932,374,825.00 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, 2019 State special funding situation pension expense of \$224,526,138.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. 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 2019, 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 City was 0.09042475190% for 2019. The net pension liability amount allocated to the City was \$1,747,345.00. For the fiscal year ending June 30, 2019 State special funding situation pension expense of \$203,027.00 is allocated to the City.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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>.

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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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, 2019 were \$5,637,151,775 and \$8,182,092,807, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

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

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

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2019 is as follows:

	June 30, 2019	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 13,819,244,582	\$ 14,334,426
Plan Fiduciary Net Position	273,173,482	283,357
Net OPEB Liability	<u>\$ 13,546,071,100</u>	<u>\$ 14,051,069</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.98%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

At June 30, 2019 the City's proportionate share of the Collective Net OPEB Liability was \$14,051,069.00. The State's proportionate share for the Special Funding Situation that is associated with the City is \$7,043,357.00. The City's proportion of the Collective Net OPEB Liability was 0.103728% which was a decrease from the prior year of 1.45%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.127465% which was a decrease from the prior year of 9.45%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 14,051,069
State's proportionate share that is associated with the City	7,043,357
Total	<u>\$ 21,094,426</u>

For the Year ended June 30, 2019 the City's Total OPEB Expense was (\$371,054.00) and the State of New Jersey realized Total OPEB Expense in the amount of \$93,361.00 for its proportionate share of Total OPEB Expense that is associated with the City.

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

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

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

Mortality:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u> (2.50%)	<u>Discount Rate</u> (3.50%)	<u>1% Increase</u> (4.50%)
Collective			
Net OPEB Liability	\$ 15,662,704,137	\$ 13,546,071,100	\$ 11,826,026,995
Proportionate Share			
Net OPEB Liability	\$ 16,246,610	\$ 14,051,069	\$ 12,266,902

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
Collective			
Net OPEB Liability	\$ 11,431,214,644	\$ 13,546,071,100	\$ 16,243,926,531
Proportionate Share			
Net OPEB Liability	\$ 11,857,371	\$ 14,051,069	\$ 16,849,501

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

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

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,961,399,180)	\$	\$ (4,109,080)
Changes of assumptions		(4,800,426,301)		(4,979,386)
Net difference between projected and actual earnings on OPEB plan investments	11,158,226		11,574	
Changes in proportion and differences between contributions and proportionate share of contributions			884,562	(2,022,843)
Total	\$ 11,158,226	\$ (8,761,825,481)	\$ 896,136	\$ (11,111,309)

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

Year ended June 30,	Collective Totals	Proportionate Share
2020	\$ (1,425,201,517)	\$ (1,663,722)
2021	(1,425,201,517)	(1,663,722)
2022	(1,426,076,187)	(1,664,743)
2023	(1,427,489,995)	(1,666,394)
2024	(1,428,781,861)	(1,667,902)
Thereafter	(1,617,916,178)	(1,888,690)
Total	\$ (8,750,667,255)	\$ (10,215,173)

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

Collective OPEB Expenses reported by the State of New Jersey

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

Service cost	\$ 666,574,660
Interest on Total OPEB Liability	636,082,461
Expected Investment Return	(11,286,267)
Administrative Expenses	9,478,435
Changes of Benefit Terms	(1,903,958)
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(619,405,071)
Changes in Assumptions	(809,376,790)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	3,580,344
Total Collective OPEB Expense	<u>\$ (126,256,186)</u>

Schedule of City's Share of Net OPEB Liability

	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	0.103728%	0.105250%
City's Share of Net OPEB Liability	\$ 14,051,069	16,489,116
City's Covered Payroll	3,193,362	2,944,262
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	440.01%	560.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.98%

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, 2019, the City estimates this liability to approximate \$1,298,239.68 based on 2019 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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, 2019 and 2018 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

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.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2019, the following interfunds were included on the balance sheets of the various funds of the City of Cape May:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Animal Control Fund	\$ 1,629.29	
Federal and State Grant Funds		12,679.23
Trusts Other	39.08	
Beach Operating	3.66	
Utility Operating		27,078.29
General Capital		25,000.00
Grant Fund:		
Current Fund	12,679.23	
General Capital		45,000.00
Other Trusts:		
Current Fund		39.08
Animal Control Fund:		
Current Fund		1,629.29
General Capital:		
Current Fund	25,000.00	
Grant Fund	45,000.00	
Utility Capital		15,000.00
Beach Capital		10,000.00
Utility Operating:		
Current Fund	27,078.29	
Utility Capital:		
General Capital	15,000.00	
Beach Operating:		
Current Fund		3.66
Beach Capital		93.94
Beach Capital:		
General Capital	10,000.00	
Beach Operating	93.94	
	\$ <u>136,523.49</u>	<u>136,523.49</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, 2019 AND 2018
(CONTINUED)**

NOTE 20: CAPITAL LEASE OBLIGATIONS

During the year ended December 31, 2019, the City had capital lease agreements in effect for the following:

The City has a capital lease with U.S. Bancorp Government Leasing and Finance, Inc. for Energy Conservation Measures in the amount of \$825,000.00. Semi-annual payments are made on the 1st of May and November through 2031. Interest on the lease is 2.574% per annum.

The following is a schedule of the future capital lease payments.

Year Ending December 31,	Principal	Interest
2020	\$ 48,907.95	16,953.17
2021	50,277.79	15,685.52
2022	44,448.60	14,428.61
2023	47,118.91	13,267.44
2024	49,902.01	12,036.82
2025-2029	295,608.24	38,931.72
2030-2031	134,255.39	3,870.75
	<u>\$ 670,518.89</u>	<u>115,174.03</u>

NOTE 21: 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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 22: SUBSEQUENT EVENTS

The City has evaluated subsequent events through July 10, 2020, the date which the financial statements were available to be issued. The following event was identified:

Subsequent to December 31, the City of Cape May authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Bonds and Notes:		
Preliminary expenses for the construction of a new safety building	Introduced: February 18, 2020 Adopted: Defeated	\$ 14,285,714.00
Various Capital Improvements General Capital	Introduced: May 19, 2020 Adopted: June 16, 2020	\$ 1,886,510.00
Various Improvements to the Water/Sewer Utility	Introduced: May 19, 2020 Adopted: June 16, 2020	\$ 1,270,000.00
		<hr/>
		\$ 17,442,224.00
Capital Improvement Fund: Various Improvements to the Beach Utility	Introduced: May 19, 2020 Adopted: June 16, 2020	\$ 35,000.00

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019, 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 July 10, 2020, 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

July 10, 2020

**CITY OF CAPE MAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2019**

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 2019.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2018	\$ 8,098,453.20	450,286.89
Increased by Receipts:		
Tax Collector	28,651,405.47	
Revenue Accounts Receivable	7,876,668.57	
Miscellaneous Revenue	231,049.66	
Due from State - Seniors and Veterans	35,750.00	
Due from Tourism Operating	65,050.00	
Due from Utility Operating	27,078.29	
Due from Flex Spending	19,940.00	
Due from Grant Fund	456,358.88	327,208.27
Due from General Capital	78,000.00	
Due from COAH	249,512.25	
Due from Parking Trust	33,250.00	
Due from Street Opening Trust	18,550.00	
Due from Fire Safety Trust	5,609.14	
Due from P.O.A.A. Trust	3,158.00	
Elections	7,975.00	
Due from Performance Bond	36,556.50	
Due from Pd Outside Employment	8,990.00	
Payroll & Payroll Taxes Payable	11,917,378.05	
Reserve for Escow Trust	104,937.58	
Federal and State Unappropriated Reserves		58,111.47
Federal and State Receivables		398,247.41
Due to the State of New Jersey:		
DCA Training Fees	33,061.00	
Marriage Licenses	3,775.00	
	49,864,053.39	783,567.15
	57,962,506.59	1,233,854.04

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Decreased by Disbursements:		
Current Year Appropriation	16,870,648.03	
Prior Year Appropriations	547,974.53	
County Taxes	8,069,377.08	
Local District School Taxes	1,867,882.50	
Regional School Taxes	7,369,201.00	
Accounts Payable	90,400.80	
Tax Overpayments	1,498.27	
Refund of Prior Year Revenue	56,244.83	
Due to Flex Spending	19,940.00	
Due to General Capital	78,000.00	
Due to Street Opening Trust	18,550.00	
Due to Fire Safety Trust	5,609.14	
Due to P.O.A.A. Trust	3,158.00	
Due to Grant Fund	327,208.27	456,358.88
Due to Beach Operating	3.66	
Due to COAH	249,512.25	
Due to Parking Trust	33,250.00	
Due to Tourism Operating	65,050.00	
Due to Pd Outside Employment	8,990.00	
Reserve for Escrow Trust	97,254.70	
Payroll & Payroll Taxes Payable	11,876,212.76	
Due to Performance Bond	36,556.50	
Elections	8,000.00	
Federal and State Disbursements		327,208.27
Due to the State of New Jersey:		
DCA Training Fees	29,591.00	
Marriage Licenses	2,450.00	
	47,732,563.32	783,567.15
Balance December 31, 2019	\$ 10,229,943.27	450,286.89

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

Balance December 31, 2018		\$	-
Increased by Receipts:			
Prepaid Taxes	675,910.61		
Taxes Receivable	27,703,699.59		
Tax Title Liens	208,962.62		
Revenue Accounts Receivable	62,832.65		
			28,651,405.47
			28,651,405.47
Payments to Treasurer			28,651,405.47
Balance December 31, 2019		\$	-

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

Year	Balance Dec. 31, 2018	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2019
				2018	2019				
Arrears \$	-								
2018	247,879.00	-	-	246,740.88	246,740.88	1,138.12	-	-	0.00
	<u>247,879.00</u>				<u>246,740.88</u>	<u>1,138.12</u>			<u>0.00</u>
2019	-	28,396,537.77	3,041.95	619,547.38	27,516,540.31	35,211.23	22,122.11	-	206,158.69
	<u>247,879.00</u>	<u>28,396,537.77</u>	<u>3,041.95</u>	<u>619,547.38</u>	<u>27,763,281.19</u>	<u>36,349.35</u>	<u>22,122.11</u>	<u>-</u>	<u>206,158.69</u>

Cash Receipts
Senior Citizens and Veterans
Overpayments Applied (Created)
27,703,699.59
42,880.79
16,700.81
27,763,281.19

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 28,396,537.77
Added Taxes (54:4-63.1 et. Seq.) 3,041.95
28,399,579.72

Tax Levy:
General County Taxes 6,756,082.33
County Library Taxes 979,597.44
County Health Taxes -
County Open Space Taxes 296,742.38
County Added and Omitted Taxes 48,373.49
Total County Taxes 8,080,795.64

Local School District Tax 1,886,377.00
Additional Local School District Tax 7,837,777.00

Local Tax for Municipal Purposes 10,368,122.13
Add: Additional Tax Levied 226,507.95
10,594,630.08

28,399,579.72

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

Balance December 31, 2018		\$ 196,305.21
Increased by:		
Transfers from Taxes Receivable	22,122.11	
	22,122.11	218,427.32
Decreased by:		
Collections	208,962.62	
	208,962.62	9,464.70
Balance December 31, 2019		\$ 9,464.70

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2018	Accrued in 2019	Collected by			Balance Dec. 31, 2019
			Collector	Treasurer	Other	
Licenses:						
Alcoholic Beverages	\$ -	55,940.00		55,940.00		-
Other	-	314,612.70		314,612.70		-
Fees and Permits	-	260,737.92		260,737.92		-
Fines and Costs:						
Municipal Court	8,777.95	222,871.88		220,487.33		11,162.50
Interest and Costs on Taxes	-	62,832.65	62,832.65			-
Interest Earned on Investments	-	200,132.35		200,132.35		-
Parking Meters	-	1,779,682.86		1,779,682.86		-
Hotel Room Tax	-	1,379,895.70		1,379,895.70		-
Lease and Rental Contracts	-	519,175.97		519,175.97		-
TV Cable Receipts	-	39,211.76		39,211.76		-
Victorian Towers - In Lieu of Taxes	-	192,252.03		192,252.03		-
Emergency Medical Services	-	374,302.64		374,302.64		-
Energy Receipts Tax	-	337,632.00		337,632.00		-
Uniform Construction Code Fees	-	912,909.50		912,909.50		-
Interlocal Services Agreement - West Cape May - Police Protection	-	495,956.00		495,956.00		-
Cape May Point - Police Protection	-	299,713.00		299,713.00		-
Uniform Fire Safety Act	-	234,213.80		234,213.80		-
Utility Street Improvements	-	50,000.00		50,000.00		-
Reserve to Pay Debt Service	-	250,000.00		250,000.00		-
Miscellaneous Revenue Not Anticipated	-	230,201.55		230,201.55		-
	<u>\$ 8,777.95</u>	<u>8,212,274.31</u>	<u>62,832.65</u>	<u>8,147,057.11</u>	<u>-</u>	<u>11,162.50</u>

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:					
General Administration	\$ 24,260.14	24,260.14	8,921.79	15,338.35	-
Other Expenses					
Mayor and Council	1,535.39	1,535.39	(71.15)	1,606.54	-
Other Expenses					
City Clerk	2,716.33	2,716.33	2,370.48	345.85	-
Other Expenses					
Financial Administration	2,009.78	2,009.78	1,911.65	98.13	-
Other Expenses					
Assessment of Taxes	1,858.90	1,858.90	1,294.98	563.92	-
Other Expenses					
Collection of Taxes	3,536.51	3,536.51	286.00	3,250.51	-
Other Expenses					
Legal Services					
Other Expenses					
Miscellaneous Other Expenses	17,482.96	17,482.96	17,416.87	66.09	-
Engineering & Planning Services					
Other Expenses	7,955.19	12,955.19	7,999.46	4,955.73	-
Emergency Medical Services - Collection	3,160.39	3,160.39	1,207.27	1,953.12	-
Contractual Expenses					
INSURANCE					
General Liability	37,451.14	37,451.14	29,100.00	8,351.14	-
Workers Compensation	41,566.46	23,566.46		23,566.46	-
Employee Group Health	294,383.68	294,383.68	241,734.99	52,648.69	-
LAND USE ADMINISTRATION					
Planning Board	9,364.34	14,364.34	12,849.07	1,515.27	-
Other Expenses					
Zoning Board of Adjustment	9,838.08	9,838.08	1,214.19	8,623.89	-
Other Expenses					
PUBLIC SAFETY					
Fire					
Other Expenses	27,176.59	27,176.59	13,249.06	13,927.53	-
Police					
Other Expenses	36,625.14	36,625.14	26,245.02	10,380.12	-
Emergency Management Services					
Other Expenses	4,624.45	4,624.45	(291.22)	4,915.67	-
Parking and Traffic Maintenance					
Other Expenses	8,529.75	8,529.75	929.61	7,600.14	-
Municipal Court					
Other Expenses	52,132.03	52,132.03	39,234.45	12,897.58	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PUBLIC WORKS FUNCTION					
Road Repair and Maintenance	38,769.43	38,769.43	32,191.19	6,578.24	-
Other Expenses					
Sanitary Landfill - Contractual	12,863.68	12,863.68	1,010.44	11,853.24	-
Other Expenses					
Recycling	52,346.65	52,346.65	41,580.42	10,766.23	-
Other Expenses					
Public Buildings and Grounds	68,388.84	68,388.84	28,418.37	39,970.47	-
Other Expenses					
Shade Tree Commission	5,254.00	10,254.00	7,954.41	2,299.59	-
Other Expenses					
HEALTH AND HUMAN SERVICES					
Uniform Fire Safety	9,738.27	9,738.27	2,561.65	7,176.62	-
Other Expenses					
PARKS AND RECREATION					
Civic Affairs	12,652.14	12,652.14	2,547.07	10,105.07	-
Other Expenses					
Historic Preservation Commission	10,805.73	10,805.73	4,746.25	6,059.48	-
Other Expenses					
Grants Coordinator	4,235.00	4,235.00	875.00	3,360.00	-
Other Expenses					
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code	3,207.43	3,207.43	2,254.79	952.64	-
Construction Official					
Other Expenses					
UNCLASSIFIED					
Celebration of Public Events, Anniversary or Holiday	2,717.68	2,717.68	150.00	2,567.68	-
UTILITY EXPENSES AND BULK PURCHASES					
General Office Operations	5,423.48	8,423.48	4,597.04	3,826.44	-
Street Lighting	13,019.90	13,019.90	11,040.83	1,979.07	-
Gas Lighting	8,730.23	8,730.23	2,444.55	6,285.68	-
All Other Accounts - No Change	490,169.87	490,169.87		490,169.87	-
\$	1,324,529.58	1,324,529.58	547,974.53	776,555.05	-

See Accompanying Auditor's Report

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

Balance December 31, 2018			
School Tax Payable	\$	-	
School Tax Deferred		909,852.30	
		<u>909,852.30</u>	\$ 909,852.30
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>1,886,377.00</u>
			2,796,229.30
Decreased by:			
Payments			<u>1,867,882.50</u>
Balance December 31, 2019			
School Tax Payable		-	
School Tax Deferred		928,346.80	
		<u>928,346.80</u>	<u>928,346.80</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,867,882.50
Tax Payable Ending			<u>-</u>
			1,867,882.50
Less: Deferred			
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 1,867,882.50</u>

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

Balance December 31, 2018			
School Tax Payable	\$	(0.07)	
School Tax Deferred		<u>3,450,312.50</u>	
			\$ 3,450,312.43
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>7,837,777.00</u>
			11,288,089.43
Decreased by:			
Payments			<u>7,369,201.00</u>
Balance December 31, 2019			
School Tax Payable		(0.07)	
School Tax Deferred		<u>3,918,888.50</u>	
			<u>3,918,888.43</u>
Current Year Liability for Regional School District School Tax:			
Tax Paid			7,369,201.00
Tax Payable Ending			<u>(0.07)</u>
			7,369,200.93
Less: Deferred			
Less: Tax Payable Beginning			<u>(0.07)</u>
Amount charged to Current Year Operations			<u>\$ 7,369,201.00</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2018</u>	<u>Transferred From 2019 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
FEDERAL GRANTS:				
USDA-Rural Development	\$ 35,600.00			35,600.00
USHUD-CDBG Disaster Recovery-Streetscape	253,000.00			253,000.00
Small Cities Grant - Housing Rehab	175,000.00			175,000.00
Small Cities Grant - ADA Compliance Grant	38,457.00		38,384.36	72.64
Small Cities Grant - Water Trans Main	400,000.00			400,000.00
Total Federal	902,057.00	-	38,384.36	863,672.64
STATE GRANTS:				
Smart Growth Planning	2,000.00			2,000.00
DOT FY2013 Transportation Trust Fund	34,450.45			34,450.45
2014 Hazard Mitigation Grant -Energy Allocation	100,000.00			100,000.00
Clean Communities - 2019	-	20,284.05	20,284.05	-
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	129.48			129.48
Cops in Shops - 2017	337.68			337.68
Cops in Shops - 2018	855.52			855.52
Cops in Shops - 2019	-	3,960.00	3,080.00	880.00
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	27,910.19			27,910.19
NJ Transportation Trust - FY 2017	158,000.00			158,000.00
NJ Transportation Trust - FY 2018	156,000.00		158,000.00	-
NJ Transportation Trust - FY 2019	-	160,000.00		156,000.00
2019 NJ Transportation Trust Fund Authority-Reconstruc of PA Ave	-	200,000.00		160,000.00
2017 Emergency Management-EMAA Grant	10,000.00		10,000.00	-
2018 Emergency Management-EMAA Grant	-	10,000.00	10,000.00	-
NJDCA-Intensive Level Survey-2017	24,999.00		24,999.00	-
DCA Neighborhood Preservation Program	-	125,000.00	25,000.00	100,000.00
2019 NJDEP-Green Acres-Lafayette Street Park Nature Trail	-	500,000.00		500,000.00
Total State	1,206,930.78	1,019,244.05	251,363.05	1,974,811.78

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

<u>Purpose</u>	Balance Dec. 31, 2018	Transferred From 2019 Revenues	Received	Balance Dec. 31, 2019
OTHER GRANTS:				
County of Cape May Open Space-Lafayette Street Park	1,177,000.00			1,177,000.00
County Open Space - Columbia Ave Park	-	189,208.00		189,208.00
County Open Space - CM Stage	-	90,000.00		90,000.00
WaWa Foundation-Police Vest Grant 2019	-	8,500.00	8,500.00	-
Cape May-Soldiers and Sailors Park Improvements	-	100,000.00	100,000.00	-
Total Other	<u>1,177,000.00</u>	<u>387,708.00</u>	<u>108,500.00</u>	<u>1,456,208.00</u>
	<u>\$ 3,285,987.78</u>	<u>1,406,952.05</u>	<u>398,247.41</u>	<u>4,294,692.42</u>

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

	Balance December 31, 2018		2019		Balance Dec. 31, 2019
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	
FEDERAL GRANTS:					
USHUD - CDBG - Lafayette Street Park	\$ 15,437.83				15,437.83
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	72.80			38,384.36	72.80
Small Cities Grant - Water Trans Main	400,000.00	38,384.36			400,000.00
Total Federal	836,205.63	38,384.36	-	38,384.36	836,205.63
STATE GRANTS:					
Clean Communities - 2015 & 2016	157.00			157.00	-
Clean Communities - 2017	13,541.73			13,541.73	-
Clean Communities - 2018	18,135.15			6,748.05	498.96
Clean Communities - 2019	-		20,284.05		
Solid Waste Management Grant - Prior	6,549.13				10,888.14
Solid Waste Management Grant - 2014	2,121.17				20,284.05
Recycling Tonnage	12,405.47				6,549.13
Recycling Tonnage	16,568.42				2,121.17
Special Legislative Grant - Convention Hall	14,412.00			9,572.69	2,451.62
Body Armor Grant	1,055.12			3,930.00	12,638.42
Bulleproof Vest Grant - 2016	2,397.50				14,412.00
Housing Inspections	26,031.00				1,055.12
Housing Inspections	20,934.00				2,397.50
Housing Inspections	16,658.00				26,031.00
Housing Inspections	15,141.00				20,934.00
Housing Inspections - 2017	9,341.00				16,658.00
Alcohol Education and Rehabilitation	1,555.88				15,141.00
NJLPS COPS in Shops - 2015	1,200.00				9,341.00
Sustainable Jersey Small Cities	1,117.00				1,555.88
DOT FY2013 Transportation Trust Fund - CM Ave	52,783.00				1,200.00
2014 Hazard Mitigation Grant -Energy Allocation	100,000.00				1,117.00
2015 Hazard Mitigation Grant -Energy Allocation	100,000.00				52,783.00
NJDOT - 2015 Muni Aid CM Ave South Side	40,034.46				100,000.00
Transportation Trust Fund - CM Ave Phase III	31,248.11				100,000.00
Cops in Shops - 2016	1,800.00				40,034.46
Cops in Shops - 2017	1,800.00				31,248.11
Cops in Shops - 2018	1,800.00				1,800.00
Cops in Shops - 2019	3,960.00		3,960.00		1,800.00
NJDOT - Bikeway Expansion Project	350,000.00				3,960.00
2016 NJDEP Historic Preservation Office-Circuit Rider	65.00				3,960.00
2016 NJ Dept. of Environ Protection-Electric Vehicle	10,000.00				350,000.00
2016 NJ Dept. of Environ Protection-Architectural Survey	24,999.00				65.00
2016 NJ Dept. of Transportation-FY 2016 Bikeway Program	250,000.00				10,000.00

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

	Balance December 31, 2018		2019 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2019
	Appropriated	Reserve for Encumbrances				
NJ Transportation Trust - FY 2016	43,210.19					43,210.19
NJ Transportation Trust - FY 2017	-	10,218.31		10,218.31		-
NJ Transportation Trust - FY 2018	156,000.00			153,566.18		0.00
NJ Transportation Trust - FY 2019	-		160,000.00		2,433.82	-
2019 NJ Transportation Trust Fund Authority-Reconstruc of PA Ave	-		200,000.00		160,000.00	200,000.00
2015 Emergency Management-EMAA Grant	7,000.00					7,000.00
2016 Emergency Management-EMAA Grant	9,400.00					9,400.00
2018 Emergency Management-EMAA Grant	-		10,000.00			10,000.00
Emergency Management-EMAA Grant	10,000.00					10,000.00
NJDCA-Intensive Level Survey	-	724.95		724.95		-
ANJEC-2017 Open Space Stewardship	1,500.00					1,500.00
DCA Neighborhood Preservation Program	-		125,000.00	7,325.00	5,070.00	112,605.00
2019 NJDEP-Green Acres-Lafayette Street Park Nature Trail	-		500,000.00			500,000.00
Total State	<u>1,373,120.33</u>	<u>10,943.26</u>	<u>1,019,244.05</u>	<u>205,783.91</u>	<u>168,383.94</u>	<u>2,029,139.79</u>
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					1,177,000.00
County Open Space - Columbia Ave Park	-		189,208.00		189,208.00	-
County Open Space - CM Stage	-		90,000.00	83,040.00		6,960.00
WaWa Foundation-Police Vest Grant 2019	-		8,500.00			8,500.00
Cape May-Soldiers and Sailors Park Improvements	-		100,000.00		100,000.00	-
Total Other	<u>1,303,158.81</u>	<u>-</u>	<u>387,708.00</u>	<u>83,040.00</u>	<u>289,208.00</u>	<u>1,318,618.81</u>
\$	<u><u>3,512,484.77</u></u>	<u><u>49,327.62</u></u>	<u><u>1,406,952.05</u></u>	<u><u>327,208.27</u></u>	<u><u>457,591.94</u></u>	<u><u>4,183,964.23</u></u>

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

Purpose	Balance Dec. 31, 2018	Transferred To 2019 Appropriations	Received	Balance Dec. 31, 2019
FEDERAL GRANTS:				
None	-			-
Total Federal	-	-	-	-
STATE GRANTS:				
Housing Inspections	10,644.00		16,360.00	27,004.00
NJ Environmental Protection	2,346.90			2,346.90
Recycling Tonnage	-		39,249.50	39,249.50
Body Armor	-		2,501.97	2,501.97
Total State	12,990.90	-	58,111.47	71,102.37
	\$ 12,990.90	-	\$ 58,111.47	\$ 71,102.37

**TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2018		\$	3,274.69
Increased By Receipts:			
Dog License Fees	1,215.60		
Late Fees	112.00		
State License Fees	274.20		
Interest Earned	63.97		
			1,665.77
			4,940.46
Decreased By Disbursements:			
Paid to State of NJ	265.20		
Dog Fund Expenditures	411.00		
			676.20
Balance December 31, 2019		\$	4,264.26

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

Balance December 31, 2018	\$	3,287,252.05
Increased By Receipts:		
Due to Current Fund	31.49	
Fire Safety	6,446.95	
Unemployment Contributions	48,244.74	
Retirement Contributions	58,727.39	
Lifeguard Pensions	72,323.58	
Police Forfeiture Account	24.11	
POAA Receipts	3,471.17	
Parking Escrow	34,671.17	
Fishermen's Memorial Account	75.19	
Police Off-Duty Account	9,524.38	
Neighborhood Revitalization	2,134.21	
Security Deposits	397.72	
DARE Receipts	8.01	
SCBG Loan	11,173.51	
Public Assistance	53.38	
Performance Bond	41,084.28	
Street Opening	20,763.01	
Flexible Spending	19,940.00	
Dell as Field	10.34	
COAH	264,009.05	
	<hr/>	<hr/>
		593,113.68
		<hr/>
		3,880,365.73
Decreased By Disbursements:		
COAH	5,911.86	
Fire Safety	21,499.80	
Unemployment	68,359.94	
Lifeguard Pensions	52,193.00	
Retirement Fund	52,542.49	
Street Opening	496.20	
Performance Bond	19,123.20	
Flexible Spending	19,123.09	
	<hr/>	<hr/>
		239,249.58
		<hr/>
Balance December 31, 2019	\$	<u><u>3,641,116.15</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2018		\$	2,572.22
Increased By:			
Dog Licenses Fees Collected	\$	1,215.60	
Late Fees Collected		112.00	
Interest Received		63.97	
			1,391.57
			3,963.79
Decreased By:			
Animal Control Expenditures		411.00	
Statutory Excess due to Current Fund		934.62	
			1,345.62
Balance December 31, 2019		\$	2,618.17

License Fees Collected	<u>Year</u>	
	2017	1,342.47
	2018	1,275.70
	\$	2,618.17

TRUST - OTHER FUND
STATEMENT OF DUE TO CURRENT FUND

Balance December 31, 2018	\$	694.67
Increased By:		
Statutory Excess due to Current Fund		<u>934.62</u>
		1,629.29
Decreased By:		
None		<u>-</u>
Balance December 31, 2019	\$	<u><u>1,629.29</u></u>

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

Balance December 31, 2018	\$	(7.80)
Increased by:		
Paid to State of New Jersey		<u>265.20</u>
		257.40
Decreased by:		
Licenses Issued in 2019		<u>274.20</u>
		274.20
Balance December 31, 2019	\$	<u><u>(16.80)</u></u>

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

Balance December 31, 2018		\$ 2,981,617.19
Increased by:		
Reserve for Open Space	222,000.00	
Capital Improvement Fund	375,000.00	
Budget Appropriation-Deferred Charge Unfunded	372,026.00	
Pool Ordinance 2014-283	75,000.00	
Bond Premium	987,498.58	
General Serial Bond Issued	10,155,000.00	
		12,186,524.58
		15,168,141.77
Decreased by:		
Improvement Authorizations	1,778,585.85	
Bond Anticipation Notes	10,155,000.00	
Reserve for Payment of Bonds	250,000.00	
		12,183,585.85
Balance December 31, 2019		\$ <u><u>2,984,555.92</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2018		Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 519,201.75		75,000.00						594,201.75
Capital Improvement Fund	64,301.00		375,000.00				100,000.00		339,301.00
Encumbrances Payable	1,249,444.81						1,249,444.81	1,067,177.47	1,067,177.47
Reserve for Payment of Bonds	445,382.19		987,498.58			250,000.00			1,182,880.77
Reserve for Open Space	2,386,569.00		222,000.00						2,608,569.00
Reserve Other - Mall Improvements	26,575.60								26,575.60
NJEIT Loan Receivable	(35,670.53)								(35,670.53)
State Grant Receivable	(303,066.77)								(303,066.77)
Due from Current Fund	(25,000.00)								(25,000.00)
Due to Grant Fund	(45,000.00)								(45,000.00)
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)		15,000.00						3,897.98
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)		165,000.00						18.96
110-2007 Various Improvements	515.85								515.85
113-2007 Harborview Park	694.80								694.80
151-2008 Various Improvements	(78,870.20)		80,000.00						1,129.80
161-2008 Convention Hall	92.50		1,250.00						1,342.50
180-2009 Various Improvements	(99,524.84)		100,000.00						475.16
205-2010 Storm Water Collection	(14,631.65)		1,250.00		13,500.00				(26,881.65)
206-2010 Various Improvements	(63,606.78)								(63,606.78)
232-2011 Various Improvements	62,476.42								62,476.42
235-2011 ADA Improvements	1,586.84								1,586.84
252-2012 Various Improvements	44,629.85				9,000.00		773.77		35,629.85
263-2013 Acquisition of Open Space	(1,493,805.79)				3,500.00		3,500.00		(1,493,805.79)
269-2013 Various Improvements	333,435.11								329,935.11
270-2013 Various Improvements	(10,720.20)		1,250.00						(9,470.20)
279-2014 Various Improvements	378,644.57								351,644.57
283-2014 Pool Improvements	19,652.03		3,000.00				15,800.00		22,652.03
289-2015 Seawall Feasibility	22,063.23								22,063.23
292-2015 Various Improvements	38,601.42		4,691.00						(15,582.71)
302-2016 Various Improvements	4,461.78				8,898.13		54,333.00		4,461.78
306-2016 Various Improvements	(328,498.75)						136,569.30		4,461.78
311-2016 Improvements to Lafayette Street Park	783,381.30				78,623.58		160,076.47		(352,679.23)
315-2017 Various Improvements	(317,876.15)		3,585.00		118,759.43		379,799.00		403,822.87
343-2018 Preliminary Expenses for the Construction of a new Public Safety Building	151,925.00				303,350.64		61,372.56		(539,991.05)
352-2018 Various Improvements	(734,795.78)				147,933.44			2,000.00	5,991.56
384-2019 Franklin Street School Library	-				1,071,020.63		254,953.37		(1,447,046.91)
			2,034,524.58	-	1,781,565.85	250,000.00	2,416,622.28	2,416,622.28	2,984,555.92
	\$ 2,981,617.19								

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

Balance December 31, 2018		\$ 64,301.00
Increased by:		
Budget Appropriation	375,000.00	
	375,000.00	375,000.00
		439,301.00
Decreased by:		
Improvement Authorizations Funded	100,000.00	
	100,000.00	100,000.00
Balance December 31, 2019		\$ <u><u>339,301.00</u></u>

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

Balance December 31, 2018		\$ 13,219,091.99
Increased by:		
Serial Bond Issued	10,155,000.00	
		10,155,000.00
		23,374,091.99
Decreased by:		
Serial Bonds Paid	2,002,836.16	
Green Trust Loan Principal Paid	17,648.87	
NJEIT Bonds & Loans	21,367.82	
		2,041,852.85
Balance December 31, 2019		\$ <u><u>21,332,239.14</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Other	Budget Appropriation	Balance Dec. 31, 2019	Bond Anticipation Notes	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
1261	Property Acquisition	\$ 300,000.00				300,000.00			300,000.00
1264	Property Acquisition	15,985,000.00				15,970,000.00			15,970,000.00
104-2007	Washington Street Mall	165,000.00			15,000.00	-			-
151-2008	Various Improvements	80,000.00			165,000.00	-			-
161-2008	Construction of New Convention Hall	1,250.00			80,000.00	-			-
180-2009	Various Improvements	100,000.00			1,250.00	-			-
205-2010	Storm Water Collection	61,250.00			100,000.00	60,000.00		26,881.65	33,118.35
206-2010	Various Improvements	75,000.00			1,250.00	75,000.00		63,606.78	11,393.22
232-2011	Various Improvements	25,000.00				25,000.00			25,000.00
252-2012	Various Improvements	1,035,000.00		1,035,000.00		2,055,484.97		1,493,805.79	561,679.18
263-2013	Acquisition of Open Space	2,055,484.97				-			-
289-2013	Various Improvements	1,350,000.00		1,350,000.00		10,000.00		9,470.20	529.80
270-2013	Storm Water Collection System	251,250.00		240,000.00	1,250.00	75,000.00			75,000.00
279-2014	Various Improvements	1,375,000.00		1,300,000.00		-			-
283-2014	Pool Improvements	945,000.00		945,000.00		185,000.00			185,000.00
289-2015	Seawall Feasibility	460,000.00		275,000.00		70,000.00		15,582.71	54,417.29
292-2015	Various Improvements	1,424,691.00		1,350,000.00	4,691.00	390,000.00		352,679.23	37,320.77
306-2016	Improvements to Lafayette Street Park	500,000.00		2,460,000.00		500,000.00			500,000.00
315-2017	Various Improvements	1,628,585.00		1,000,000.00	3,585.00	625,000.00		539,991.05	85,008.95
343-2018	Preliminary Expenses for the Constuction of a new Public Safety Building	285,000.00		200,000.00		85,000.00			85,000.00
352-2018	Various Improvements	1,615,000.00	1,900,000.00			1,615,000.00		1,447,046.91	167,953.09
384-2019	Franklin Street School Library	-				1,900,000.00			1,900,000.00
		<u>\$ 32,567,510.97</u>	<u>1,900,000.00</u>	<u>10,155,000.00</u>	<u>372,026.00</u>	<u>23,940,484.97</u>	<u>-</u>	<u>3,949,064.32</u>	<u>19,991,420.65</u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2018		Authorizations		Paid or Charged	Balance December 31, 2019	
				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					3,897.98	15,970,000.00
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					48,346.80	
110-2007	Various Improvements	6/19/2007	1,200,000		515.85				18.96	
113-2007	Harborview Park	7/17/2007	102,109		694.80				515.85	
151-2008	Various Improvements	5/20/2008	1,400,000						694.80	
161-2008	Construction of a New Convention Hall	8/19/2008	10,500,000	1,129.80					1,129.80	
180-2009	Various Improvements	5/19/2009	1,000,000	1,342.50					1,342.50	
205-2010	Storm Water Collection	5/18/2010	275,000	475.16					475.16	
206-2010	Various Improvements	6/15/2010	1,500,000	46,618.35					11,393.22	33,118.35
232-2011	Various Improvements	3/22/2011	1,500,000	87,476.42					62,476.42	11,393.22
235-2011	ADA Improvements	6/8/2011	500,000		1,586.84				1,586.84	25,000.00
252-2012	Various Improvements	5/15/2012	2,080,000	44,629.85					35,629.85	
263-2013	Acquisition of Open Space	3/19/2013	3,400,000	561,679.18					561,679.18	
269-2013	Various Improvements	5/21/2013	1,900,000	333,435.11					329,935.11	
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	453,644.57					351,644.57	75,000.00
283-2014	Pool Improvements	9/2/2014	1,000,000	19,652.03					22,652.03	
289-2015	Seawall Feasibility	2/17/2015	500,000	207,063.23					22,243.23	
292-2015	Various Improvements	5/19/2015	1,499,675	113,292.42					58,875.13	185,000.00
302-2016	Various Improvements	3/15/2016	375,000		4,461.78				4,461.78	54,417.29
306-2016	Various Improvements	5/17/2016	3,000,000	61,501.25					37,320.77	37,320.77
311-2016	Improvements to Lafayette Street Park	11/14/2016	1,500,000	500,000.00					500,000.00	500,000.00
315-2017	Various Improvements	5/16/2017	3,000,000	310,708.85					403,822.87	85,008.95
343-2018	Preliminary Expenses for the Construction of a new Public Safety Building	3/20/2018	300,000	236,925.00					5,991.56	85,000.00
352-2018	Various Improvements	6/19/2018	1,700,000	880,204.22					712,251.13	167,953.09
384-2019	Franklin Street School Library	11/18/2019	2,000,000			100,000.00			100,000.00	1,900,000.00
					\$ 940,773.21	20,145,617.90	100,000.00	1,596,318.51	1,498,651.95	19,991,420.65

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding	Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Storm Drainage Bonds of 1981	1/23/1981	2,097,000	1/20/2020	5.000% \$	229,916.71		112,836.16	117,080.55
General Obligation Bonds of 2008	10/1/2008	6,340,000			650,000.00		650,000.00	-
General Obligation Bonds of 2013	7/15/2013	10,700,000	7/15/2020	3.000%	7,890,000.00		750,000.00	7,140,000.00
			7/15/2021	3.000%				
			7/15/2022	3.000%				
			7/15/2023	3.250%				
			7/15/2024	3.500%				
			7/15/2025	4.000%				
			7/15/2026	4.000%				
			7/15/2027	4.000%				
General Obligation Bonds of 2014	6/17/2014	6,035,000	7/15/2020	3.000%	4,255,000.00		490,000.00	3,765,000.00
			7/15/2021	3.000%				
			7/15/2022	3.000%				
			7/15/2023	3.000%				
			7/15/2024	3.000%				
			7/15/2025	3.000%				
General Obligation Bonds of 2019	7/11/2019	10,155,000	2/1/2020	5.000%	-	10,155,000.00		10,155,000.00
			2/1/2021	5.000%				
			2/1/2022	5.000%				
			2/1/2023	5.000%				
			2/1/2024	5.000%				
			2/1/2025	5.000%				
			2/1/2026	5.000%				
			2/1/2027	4.000%				
			2/1/2028	3.000%				
			2/1/2029	2.250%				
			2/1/2030	3.000%				
			2/1/2031	3.000%				
					\$ 13,024,916.71	10,155,000.00	2,002,836.16	21,177,080.55

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, 2019	Date	Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Harborview Park	11/3/2005	324,621			2.000%	\$ 131,246.31		17,648.87	113,597.44
<p>This loan is paid semi annually. The amount for principal and interest is \$10,093.00. The loan ends on August 9, 2025.</p>									
						\$ 131,246.31	-	17,648.87	113,597.44

**GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
Various Capital Improvements NJ-EIT	10/17/2001	61,250	8/1/2020	4,900.00	4.750%	14,700.00		4,900.00	9,800.00
			8/1/2021	4,900.00	4.750%				
Various Capital Improvements NJ-EIT	10/17/2001	63,933	2/1/2020	149.68	None	10,359.53		3,608.08	6,751.45
			8/1/2020	3,300.84	None				
			2/1/2021	74.84	None				
			8/1/2021	3,226.09	None				
Various Capital Improvements NJ-EIT	10/17/2001	115,970	2/1/2020	228.57	None	15,819.44		5,509.74	10,309.70
			8/1/2020	5,040.57	None				
			2/1/2021	114.28	None				
			8/1/2021	4,926.28	None				
Various Capital Improvements NJ-EIT	10/17/2001	110,250	8/1/2020	7,350.00	4.750%	22,050.00		7,350.00	14,700.00
			8/1/2021	7,350.00	4.750%				
						\$ 62,928.97	-	21,367.82	41,561.15

**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, 2018	Increased	Decreased	Balance Dec. 31, 2019
Various Improvements	252-2012	7/18/2013	7/13/2018	7/12/2019	3.000%	\$ 1,035,000.00	-	1,035,000.00	-
Various Improvements	269-2013	5/21/2013	7/13/2018	7/12/2019	3.000%	1,350,000.00	-	1,350,000.00	-
Storm Water Collection System	270-2013	7/16/2015	7/13/2018	7/12/2019	3.000%	240,000.00	-	240,000.00	-
Various Improvements	279-2014	7/16/2015	7/13/2018	7/12/2019	3.000%	1,300,000.00	-	1,300,000.00	-
Pool Improvements	283-2014	7/16/2015	7/13/2018	7/12/2019	3.000%	945,000.00	-	945,000.00	-
Seawall Feasibility	289-2015	7/16/2015	7/13/2018	7/12/2019	3.000%	275,000.00	-	275,000.00	-
Various Improvements	292-2015	7/16/2016	7/13/2018	7/12/2019	3.000%	1,350,000.00	-	1,350,000.00	-
Various Improvements	306-2016	7/16/2016	7/13/2018	7/12/2019	3.000%	2,460,000.00	-	2,460,000.00	-
Various Improvements	315-2017	7/13/2018	7/13/2018	7/12/2019	3.000%	1,000,000.00	-	1,000,000.00	-
Preliminary Expenses for the Constuction of a new Public Safety Building	343-2018	7/13/2018	7/13/2018	7/12/2019	3.000%	200,000.00	-	200,000.00	-
						\$ 10,155,000.00	-	10,155,000.00	-

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Debt Issued	Budget Appropriation	Balance Dec. 31, 2019
		\$				
1261	Property Acquisition	300,000.00				300,000.00
1264	Property Acquisition	15,985,000.00			15,000.00	15,970,000.00
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			1,250.00	60,000.00
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	2,055,484.97				2,055,484.97
270-2013	Storm Water Collection System	11,250.00			1,250.00	10,000.00
279-2014	Various Improvements	75,000.00				75,000.00
289-2015	Seawall Feasibility	185,000.00				185,000.00
292-2015	Various Improvements	74,691.00			4,691.00	70,000.00
306-2016	Various Improvements	390,000.00				390,000.00
311-2016	Improvements to Lafayette Street Park	500,000.00				500,000.00
315-2017	Various Improvements	628,585.00			3,585.00	625,000.00
343-2018	Preliminary Expenses for the Constuction of a new Public Safety Building	85,000.00				85,000.00
352-2018	Various Improvements	1,615,000.00				1,615,000.00
384-2019	Franklin Street School Library	-	1,900,000.00			1,900,000.00
		<u>\$ 22,412,510.97</u>	<u>1,900,000.00</u>	<u>-</u>	<u>372,026.00</u>	<u>23,940,484.97</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2018	\$ 1,260,384.67	1,768,766.58
Increased by Receipts:		
Water and Sewer Rent Collected	6,385,218.97	
Reimbursements	63,229.57	
Capital Improvement Fund		10,000.00
Due from Beach Utility	120.00	
Due from Current Fund	6,414.18	
Serial Bonds Issued		4,250,000.00
Reserve for Debt Service	205,121.53	413,281.04
Reserve for Debt Service	165,335.89	
Miscellaneous Revenue		
	<u>6,825,440.14</u>	<u>4,673,281.04</u>
	8,085,824.81	6,442,047.62
Decreased by Disbursements:		
Current Appropriations	6,279,288.12	
Appropriation Reserves	157,864.01	
Prior Year Accounts Payable	3,622.62	
Improvement Authorizations		968,438.10
Reserve for Debt Service		205,121.53
Due to Beach Utility	120.00	
Due to Current Fund	6,414.18	
Bond Anticipation Notes		3,635,000.00
	<u>6,447,308.93</u>	<u>4,808,559.63</u>
Balance December 31, 2019	\$ <u>1,638,515.88</u>	<u>1,633,487.99</u>

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

	Balance Dec. 31, 2018	Receipts		Improvement Authorizations	Disbursements		Balance Dec. 31, 2019
		Miscellaneous	Debt Issued		Miscellaneous	Transfers	
					From	To	
\$							
Fund Balance	378,306.34						378,306.34
Capital Improvement Fund	140,000.00						150,000.00
Reserve for Debt Service	519,817.60	10,000.00					1,357,807.11
Reserve for Amortization	629,830.00	413,281.04			629,830.00		
NJEIT Loans Receivable	(37,126.47)						(37,126.47)
NJEIT Loans Receivable - 2018 A-1	(407,006.00)						(407,006.00)
NJEIT Loans Receivable - 1998	(15,000.00)						(15,000.00)
Encumbrances Payable	511,747.97				511,747.97		266,170.25
Due from General Capital	(15,000.00)						(15,000.00)
Improvement Authorizations:							
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			6,500.00			98,907.16
207-2010 System Improvements	(14,541.87)			2,014.00			(21,041.87)
230-2011 System Improvements	373,770.84				152.00	531.00	372,135.84
250-2012 System Improvements	(70,665.04)			5,000.00	4,098.38	4,098.38	(75,665.04)
268-2013 System Improvements	(22,832.59)				19,212.06	19,212.06	(22,832.59)
281-2014 System Improvements	(66,217.30)			19,230.47	27,934.95	27,934.95	(85,447.77)
293-2015 System Improvements	(144,816.49)			41,654.74	48,558.51	48,558.51	(186,471.23)
298-2015 System Improvements	143,094.60				1,295.00	1,295.00	143,094.60
307-2016 System Improvements	16,605.89			105,555.73	74,180.35	165,167.98	2,037.79
316-2017 System Improvements	121,605.00			329,776.49	71,483.00	213,350.09	(66,304.40)
353-2018 System Improvements	(62,200.00)			458,706.67	19,256.00	31,600.00	106,437.33
	1,768,766.58	423,281.04	615,000.00	968,438.10	1,407,748.22	1,407,748.22	1,633,487.99

See Accompanying Auditor's Report

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

Balance December 31, 2018		\$ 15,214.82
Increased by Receipts:		
Consumer Accounts Charges and Levies	6,408,815.12	
Overpayments Created	26,224.75	
	<hr/>	<hr/>
		6,435,039.87
		6,450,254.69
Decreased by Disbursements:		
Collections	6,385,218.97	
Overpayments Applied	34,476.32	
Transferred to Liens	2,834.00	
	<hr/>	<hr/>
		6,422,529.29
Balance December 31, 2019		\$ <u><u>27,725.40</u></u>

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

Balance December 31, 2018		\$ -
Increased by Receipts:		
Transferred from Water Sewer Receivable	2,834.00	
Prior Year Adjustment	23,451.22	
	<hr/>	<hr/>
		26,285.22
		26,285.22
Decreased by Disbursements:		
Collection	26,285.22	
	<hr/>	<hr/>
		26,285.22
Balance December 31, 2019		\$ <u><u>-</u></u>

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 40,041.73	40,041.73		40,041.73	-
Other Expenses	261,197.89	261,197.89	157,864.01	103,333.88	-
Deferred Charges and Statutory Expenditures:					
PERS	900.00	900.00		900.00	-
Social Security System (O.A.S.I.)	8,874.26	8,874.26		8,874.26	-
Unemployment Compensation Insurance	3,900.00	3,900.00		3,900.00	-
Retirement Trust	1,000.00	1,000.00		1,000.00	-
	<u>\$ 315,913.88</u>	<u>315,913.88</u>	<u>157,864.01</u>	<u>158,049.87</u>	<u>-</u>

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

Balance December 31, 2018		\$	162,940.19
Increased by:			
Budget Appropriations	188,654.80		
			188,654.80
			351,594.99
Decreased By:			
Payments of Debt Service Interest	162,940.19		
			162,940.19
Balance December 31, 2019		\$	188,654.80

Analysis of Accrued Interest December 31, 2019

Principal Outstanding December 31, 2019	Interest Rate	From	To	Days	Amount
106,316.14	5.00%	7/20/2019	12/31/2019	164	1,218.20
22,895.00	5.00%	12/24/2019	12/31/2019	7	18.71
150,000.00	Var.	10/1/2019	12/31/2019	91	2,250.00
1,340,000.00	Var.	7/15/2019	12/31/2019	169	20,052.08
1,714,973.01	4.50%	12/15/2019	12/31/2019	16	3,188.30
1,019,848.29	4.25%	12/15/2019	12/31/2019	16	11,982.86
1,123,322.16	3.75%	2/1/2019	12/31/2019	333	6,991.90
1,258,120.81	3.75%	2/1/2019	12/31/2019	333	7,830.92
10,200.00	5.00%	10/17/2019	12/31/2019	75	201.88
15,300.00	5.00%	10/17/2019	12/31/2019	75	302.81
1,650,000.00	3.00%	7/15/2019	12/31/2019	169	22,687.50
1,495,267.04	4.50%	7/18/2019	12/31/2019	166	26,824.90
420,000.00	Var.	8/1/2019	12/31/2019	150	6,401.04
4,250,000.00	Var.	8/1/2019	12/31/2019	150	78,703.70
<u>14,576,242.45</u>					<u>188,654.80</u>

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2018		Authorizations		Paid or Charged	Balance December 31, 2019	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		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			6,500.00		28,958.13
230-2011	System Improvements	3/22/2011	1,350,000	373,770.84	101,600.00			1,635.00	372,135.84	101,600.00
250-2012	System Improvements	5/15/2012	1,263,000	-	92,334.96			5,000.00		87,334.96
268-2013	System Improvements	5/21/2013	1,050,000	-	27,167.41			-		27,167.41
281-2014	System Improvements	6/2/2014	1,150,000	-	86,734.60			19,230.47		67,504.13
293-2015	System Improvements	5/19/2015	994,000	-	259,528.40			41,654.74		217,873.66
298-2015	System Improvements	12/15/2015	500,000	143,094.60	302,155.21			-	143,094.60	302,155.21
307-2016	System Improvements	5/17/2016	1,200,000	16,605.89	-			14,568.10	2,037.79	
316-2017	System Improvements	5/16/2017	769,000	121,605.00	69,000.00			187,909.40	-	2,695.60
353-2018	System Improvements	6/19/2018	1,019,000	-	956,800.00			446,362.67	106,437.33	404,000.00
				\$ 797,936.28	2,208,848.86			722,860.38	766,565.51	1,517,359.25

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 December 31, 2019			Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount						
System Improvements	1/20/1981	1,903,000	1/20/2020	106,316.14	5.000%	\$ 208,709.66		102,393.52	106,316.14	
Improvement to Water Tower	6/24/1983	142,500	6/24/2020	7,305.00	5.000%	29,850.00		6,955.00	22,895.00	
			6/24/2021	7,670.00	5.000%					
			6/24/2022	7,920.00	5.000%					
Various Capital Improvements	11/1/2008	3,630,000	10/1/2020	150,000.00	4.00%	300,000.00		150,000.00	150,000.00	
Various Capital Improvements	7/15/2013	2,335,000	7/15/2020	200,000.00	3.00%	1,530,000.00		190,000.00	1,340,000.00	
			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	7/15/2020	260,000.00	3.00%	1,900,000.00		250,000.00	1,650,000.00	
			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%								
Various Capital Improvements	7/11/2019	4,250,000	2/1/2020	240,000.00	5.00%	-		4,250,000.00	4,250,000.00	
			2/1/2021	260,000.00	5.00%					
			2/1/2022	280,000.00	5.00%					
			2/1/2023	300,000.00	5.00%					
			2/1/2024	320,000.00	5.00%					
			2/1/2025	340,000.00	5.00%					
			2/1/2026	360,000.00	5.00%					
			2/1/2027	380,000.00	4.00%					
			2/1/2028	400,000.00	3.00%					
			2/1/2029	440,000.00	2.25%					
			2/1/2030	450,000.00	3.00%					
2/1/2031	480,000.00	3.00%								
						\$ 3,968,569.66	4,250,000.00	699,348.52	7,519,211.14	

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
Water Desalination USDA-FmHA	12/15/1998	2,500,000	2020	58,830.70	4.500%	1,771,243.07		56,270.06	1,714,973.01
			2021	61,507.86	4.500%				
			2022	64,306.86	4.500%				
			2023	67,233.22	4.500%				
			2024	70,292.75	4.500%				
			2025	73,491.50	4.500%				
			2026	76,835.83	4.500%				
			2027	80,332.35	4.500%				
			2028	83,987.98	4.500%				
			2029	87,809.94	4.500%				
			2030	91,805.84	4.500%				
			2031	95,983.58	4.500%				
			2032	100,351.44	4.500%				
			2033	104,918.06	4.500%				
			2034	109,692.48	4.500%				
			2035	114,684.18	4.500%				
			2036	119,903.02	4.500%				
			2037	125,359.36	4.500%				
		2038	127,646.06	4.500%					
System Improvements NJ-EIT	10/17/2001	63,750	8/1/2020	5,100.00	4.750%	15,300.00		5,100.00	10,200.00
			8/1/2021	5,100.00	4.750%				
NJ-EIT	10/17/2001	66,542	2020	3,591.36	None	10,782.37		3,755.35	7,027.02
			2021	3,435.66	None				
System Improvements NJ-EIT	10/17/2001	114,750	8/1/2020	7,650.00	4.750%	22,950.00		7,650.00	15,300.00
			8/1/2021	7,650.00	4.750%				
System Improvements NJ-EIT	10/17/2001	120,704	2020	5,484.21	None	16,465.14		5,734.63	10,730.51
			2021	5,246.30	None				

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			December 31, 2019								
			Date	Amount							
System Improvements USDA	10/12/2007	1,200,000	4/12/20	9,660.22	4.250%	1,038,569.90		18,721.61	1,019,848.29		
			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%							
		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%							

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			December 31, 2019								
			Date	Amount	Rate	Balance					
			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%						
							1,141,290.65				
System Improvements	10/27/2011	1,250,000	4/27/20	18,648.63	3.750%				17,968.49	1,123,322.16	
USDA			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%						
			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%						

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
System Improvements USDA	10/27/2011	1,400,000	4/27/20	20,886.46	3.750%	1,278,245.52		20,124.71	1,258,120.81
			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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			December 31, 2019								
			Date	Amount							
System Improvements USDA	7/18/2014	1,585,000					1,514,662.57		19,395.53	1,495,267.04	
			9,989.66			4.500%					
			10,189.45			4.500%					
			10,393.24			4.500%					
			10,601.11			4.500%					
			10,813.13			4.500%					
			11,029.39			4.500%					
			11,249.98			4.500%					
			11,474.98			4.500%					
			11,704.48			4.500%					
			11,938.57			4.500%					
			12,177.34			4.500%					
			12,420.89			4.500%					
			12,669.30			4.500%					
			12,922.69			4.500%					
			13,181.14			4.500%					
			13,444.77			4.500%					
			13,713.66			4.500%					
			13,987.93			4.500%					
			14,267.69			4.500%					
			14,553.05			4.500%					
			14,844.11			4.500%					
			15,140.99			4.500%					
			15,443.81			4.500%					
			15,752.69			4.500%					
			16,067.74			4.500%					
			16,389.09			4.500%					
			16,716.88			4.500%					
			17,051.21			4.500%					
			17,392.24			4.500%					
			17,740.08			4.500%					
			18,094.89			4.500%					
			18,456.78			4.500%					
			18,825.92			4.500%					
			19,202.44			4.500%					
			19,586.49			4.500%					
			19,978.22			4.500%					
			20,377.78			4.500%					
			20,785.34			4.500%					
			21,201.04			4.500%					
			21,625.06			4.500%					
			22,057.56			4.500%					
		22,498.72			4.500%						
		22,948.69			4.500%						
		23,407.66			4.500%						
		23,875.82			4.500%						
		24,353.33			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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	December 31, 2019	Amount	Rate					
			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%						
System Improvements	5/22/2018	430,000	8/1/2020	10,000.00	5.000%		430,000.00		10,000.00	420,000.00	
NJ-EIT			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%						
			8/1/2036	15,000.00	3.375%						
			8/1/2037	15,000.00	3.375%						
			8/1/2038	15,000.00	3.375%						
			8/1/2039	15,000.00	3.375%						
			8/1/2040	20,000.00	3.500%						

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	December 31, 2019	Amount					
			8/1/2041	20,000.00	3.500%					
			8/1/2042	20,000.00	3.500%					
			8/1/2043	20,000.00	3.500%					
			8/1/2044	20,000.00	3.500%					
			8/1/2045	20,000.00	3.500%					
			8/1/2046	20,000.00	3.500%					
			8/1/2047	25,000.00	3.500%					
			2/1/2020	14,078.06		1,224,791.87		42,234.19	1,182,557.68	
System Improvements	5/22/2018	1,252,948	8/1/2020	28,156.13						
NJ-EIT			2/1/2021	14,078.06						
			8/1/2021	28,156.13						
			2/1/2022	14,078.06						
			8/1/2022	28,156.13						
			2/1/2023	14,078.06						
			8/1/2023	28,156.13						
			2/1/2024	14,078.06						
			8/1/2024	28,156.13						
			2/1/2025	14,078.06						
			8/1/2025	28,156.13						
			2/1/2026	14,078.06						
			8/1/2026	28,156.13						
			2/1/2027	14,078.06						
			8/1/2027	28,156.13						
			2/1/2028	14,078.06						
			8/1/2028	28,156.13						
			2/1/2029	14,078.06						
			8/1/2029	28,156.13						
			2/1/2030	14,078.06						
			8/1/2030	28,156.13						
			2/1/2031	14,078.06						
			8/1/2031	28,156.13						
			2/1/2032	14,078.06						
			8/1/2032	28,156.13						
			2/1/2033	14,078.06						
			8/1/2033	28,156.13						
			2/1/2034	14,078.06						
			8/1/2034	28,156.13						
			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						

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
	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					
						\$ 8,464,301.09	-	206,954.57	8,257,346.52

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, 2018	Increased	Decreased	Balance Dec. 31, 2019
System Improvements	268-2013	7/16/2015	7/13/2018	7/12/2019	3.000% \$	391,000.00	-	391,000.00	-
System Improvements	281-2014	7/16/2015	7/13/2018	7/12/2019	3.000%	594,000.00	-	594,000.00	-
System Improvements	207-2010	7/15/2016	7/13/2018	7/12/2019	3.000%	50,000.00	-	50,000.00	-
System Improvements	250-2012	7/15/2016	7/13/2018	7/12/2019	3.000%	150,000.00	-	150,000.00	-
System Improvements	293-2015	7/15/2016	7/13/2018	7/12/2019	3.000%	550,000.00	-	550,000.00	-
System Improvements	307-2016	7/15/2016	7/13/2018	7/12/2019	3.000%	1,200,000.00	-	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>\$ 3,635,000.00</u>	<u>-</u>	<u>3,635,000.00</u>	<u>-</u>

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

Ordinance Number	Description	Balance Dec. 31, 2018	2019 Authorizations	Debt Issued	Balance Dec. 31, 2019
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	101,600.00			101,600.00
250-2012	System Improvements	163,000.00			163,000.00
268-2013	System Improvements	50,000.00			50,000.00
281-2014	System Improvements	152,951.90			152,951.90
293-2015	System Improvements	404,344.89			404,344.89
298-2015	System Improvements	302,155.21			302,155.21
316-2017	System Improvements	69,000.00			69,000.00
353-2018	System Improvements	1,019,000.00		615,000.00	404,000.00
		<u>\$ 2,943,588.00</u>	<u>-</u>	<u>615,000.00</u>	<u>2,328,588.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2018	\$ 1,425,887.90	840,001.98
Increased by Receipts:		
Beach Rent Collected	2,666,944.00	
Miscellaneous Anticipated Revenue	40,052.85	
Serial Bonds Issued		760,000.00
Bond Premium		73,904.38
Capital Improvement Fund		50,000.00
	2,706,996.85	883,904.38
	4,132,884.75	1,723,906.36
Decreased by Disbursements:		
Current Appropriations	2,335,176.38	
Appropriation Reserves	26,909.90	
Accounts Payable	5,925.00	
Bond Anticipation Notes Improvement Authorizations		715,000.00
		90,288.81
	2,368,011.28	805,288.81
Balance December 31, 2019	\$ 1,764,873.47	918,617.55

**BEACH UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
	Dec. 31, 2018		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 121,924.62								121,924.62
Capital Improvement Fund	679,000.00	50,000.00							729,000.00
Reserve to Pay Bonds	-	73,904.38							73,904.38
Reserve for Amortization	174,000.00						174,000.00		-
Encumbrances Payable	56,278.00						56,278.00		48,663.07
Due from General Capital	(10,000.00)								(10,000.00)
Due from Beach Operating	(93.94)								(93.94)
Improvement Authorizations:									
<u>Ord.</u>									
<u>Number</u>									
29-2005 Various Utility Improvements	(87,531.41)							84,000.00	(3,531.41)
63-2006 Various Utility Improvements	(34,181.88)							35,000.00	818.12
108-2007 Various Utility Improvements	(54,871.76)							55,000.00	128.24
150-2008 Various Utility Improvements	3,715.64				3,000.00				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				2,623.49				35,720.26
231-2011 Various Utility Improvements	89,090.46								86,466.97
236-2011 Beach Replenishment	105,893.72						24,080.00		105,893.72
251-2012 Various Utility Improvements	(117,138.33)				1,882.50				(119,020.83)
267-2013 Various Beach Utility Improvements	(18,376.25)								(18,376.25)
280-2014 Various Beach Utility Improvements	10,985.14				31,347.21				(41,015.07)
294-2015 Various Beach Utility Improvements	33,471.17			45,000.00	2,198.00			20,653.00	78,471.17
310-2016 Various Beach Utility Improvements	(136,000.00)								(136,000.00)
314-2017 Various Beach Utility Improvements	44,956.14				18,728.61				22,297.46
354-2018 Various Beach Utility Improvements	(30,000.00)				30,509.00			3,930.07	(30,509.00)
	\$ 840,001.98	123,904.38		45,000.00	90,288.81		278,941.07	278,941.07	918,617.55

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 51,106.91	51,106.91		51,106.91	-
Other Expenses	108,911.38	108,911.38	26,909.90	82,001.48	-
Deferred Charges and Statutory Expenditures:					
Social Security System	29,016.64	29,016.64		29,016.64	-
	<u>\$ 189,034.93</u>	<u>189,034.93</u>	<u>26,909.90</u>	<u>162,125.03</u>	<u>-</u>

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

Balance December 31, 2018		\$	30,318.75
Increased by:			
Budget Appropriations	35,462.03		
	35,462.03		35,462.03
			65,780.78
Decreased By:			
Payments of Debt Service Interest	30,318.75		
	30,318.75		30,318.75
Balance December 31, 2019		\$	35,462.03

Analysis of Accrued Interest December 31, 2019

Principal Outstanding December 31, 2019	Interest Rate	From	To	Days	Amount
1,340,000.00	3.00%	7/15/2019	12/31/2019	165	18,425.00
760,000.00	3.00%	8/1/2019	12/31/2019	150	17,037.03
2,100,000.00					35,462.03

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019		Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
Various Capital Improvements	7/15/2014	2,005,000	7/15/2020	160,000.00	3.00%	1,490,000.00		150,000.00	1,340,000.00
			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%					
Various Capital Improvements	7/11/2019	760,000	2/1/2020	60,000.00	5.00%	-	760,000.00		760,000.00
			2/1/2021	70,000.00	5.00%				
			2/1/2022	80,000.00	5.00%				
			2/1/2023	90,000.00	5.00%				
			2/1/2024	100,000.00	5.00%				
			2/1/2025	120,000.00	5.00%				
			2/1/2026	120,000.00	5.00%				
		2/1/2027	120,000.00	4.00%					
						\$ 1,490,000.00	760,000.00	150,000.00	2,100,000.00

See Accompanying Auditor's Report

**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, 2018	Dec. 31, 2019
Beach Replenishment	236-2011	7/15/2016	7/13/2018	7/12/2019	3.000% \$	48,250.00	-
Various Beach Utility Improvements	251-2012	7/15/2016	7/13/2018	7/12/2019	3.000%	47,500.00	-
Various Beach Utility Improvements	267-2013	7/14/2017	7/13/2018	7/12/2019	3.000%	25,000.00	-
Various Beach Utility Improvements	280-2014	7/15/2016	7/13/2018	7/12/2019	3.000%	94,250.00	-
Various Beach Utility Improvements	294-2015	7/14/2017	7/13/2018	7/12/2019	3.000%	150,000.00	-
Various Beach Utility Improvements	314-2017	7/13/2018	7/13/2018	7/12/2019	3.000%	350,000.00	-
						\$ 715,000.00	-
						715,000.00	-

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

Ordinance Number		Balance	2019	Debt	Balance
		Dec. 31, 2018	Authorizations	Issued	Dec. 31, 2019
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	48,100.00		45,000.00	3,100.00
310-2016	Various Beach Utility Improvements	300,000.00			300,000.00
314-2017	Various Beach Utility Improvements	61,000.00			61,000.00
354-2018	Various Beach Utility Improvements	393,000.00			393,000.00
		<u>\$ 1,589,900.00</u>	<u>-</u>	<u>45,000.00</u>	<u>1,544,900.00</u>

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

		<u>Operating Fund</u>
Balance December 31, 2018	\$	1,013,112.72
Increased by Receipts:		
Tourism Fees		1,229,961.95
Reimbursements		5.59
Due to Security Deposit		12,600.00
Miscellaneous Revenue Not Anticipated		<u>15,773.40</u>
		<u>1,258,340.94</u>
		2,271,453.66
Decreased by Disbursements:		
Current Appropriations		1,168,245.70
Appropriation Reserves		37,842.44
Due to Security Deposit		<u>6,600.00</u>
		<u>1,212,688.14</u>
Balance December 31, 2019	\$	<u><u>1,058,765.52</u></u>

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 3,863.17	3,863.17		3,863.17	-
Other Expenses	153,609.91	153,609.91	37,842.44	115,767.47	-
	<u>\$ 157,473.08</u>	<u>157,473.08</u>	<u>37,842.44</u>	<u>119,630.64</u>	<u>-</u>

CITY OF CAPE MAY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2019

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:

- Electrical Maintenance Service and Repairs
- HVAC Maintenance Service and Repairs
- Re-Bids for Streetscape Improvements to the Convention Hall Annex Building
- Purchase of a Valve Exercising Trailer
- Water Meters & Water Meter Installation Materials
- Water/Sewer Materials & Supplies
- Reconstruction of the War Memorial Park at Columbia and Gurney

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 2019.

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>
2019	1
2018	27
2017	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 2019 and 2020 Taxes	25
Delinquent Taxes	10
Payment of Water and Sewer Rents	25
Delinquent Water and Sewer Rents	5
Total	<u>65</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
2019 \$	28,399,579.72	28,136,087.69	99.07%
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%

Comparative Schedule of Tax Rate Information

	2019	2018	2017	2016	2015
Tax Rate	\$ 0.987	0.931	0.884	0.832	0.865
Apportionment of Tax Rate:					
Municipal	0.363	0.350	0.340	0.340	0.339
County	0.283	0.272	0.268	0.249	0.249
Local School	0.066	0.066	0.066	0.065	0.062
Regional School	0.275	0.243	0.210	0.178	0.215
Assessed Valuation	2,859,963,500	2,843,406,631	2,814,237,746	2,813,050,955	2,806,088,231

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
2019 \$	9,464.70	206,158.69	215,623.39	0.76%
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%

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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

July 10, 2020

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