

**CITY OF CAPE MAY  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2020**



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**CITY OF CAPE MAY**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

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

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Cape May, as of December 31, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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 \$373,255.76 and \$316,155.26 for 2020 and 2019 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, 2020 and 2019, 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, 2020 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 30, 2021 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 30, 2021**

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**EXHIBIT - A  
CURRENT FUND**



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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Regular Fund:		
Cash:		
Treasurer	\$ 10,437,902.11	10,229,943.27
Petty Cash and Change Funds	950.00	950.00
Total Cash	10,438,852.11	10,230,893.27
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	151,549.36	206,158.69
Tax Title and Other Liens	10,106.84	9,464.70
Property Acquired for Taxes - at Assessed Valuation	83,316.00	83,316.00
Revenue Accounts Receivable	-	11,162.50
Due from County - Elections	-	25.00
Due from State:		
Chapter 20 P.L. 1971	33,776.99	24,156.61
Interfund Receivable:		
TTL Premium	8.55	39.08
Animal Control	678.20	1,629.29
Beach Utility Operating	-	3.66
Federal and State Grant Funds	396,827.60	-
Total Receivables and Other Assets	676,263.54	335,955.53
Total Regular Fund	11,115,115.65	10,566,848.80
Federal and State Grant Fund:		
Cash	417,966.12	450,286.89
Federal and State Grants Receivable	4,312,365.31	4,294,692.42
Due from Current Fund	-	12,679.23
Revolving Loan Receivable	600,000.00	600,000.00
Total Federal and State Grant Fund	5,330,331.43	5,357,658.54
Total Current Fund	\$ 16,445,447.08	15,924,507.34

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2020</u>	<u>2019</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,590,948.88	1,366,537.35
Reserve for Encumbrances	96,255.51	187,833.96
Accounts Payable	1,310.34	196,653.30
Prepaid Taxes	689,517.94	675,910.61
Overpaid Taxes	17,142.19	-
County Added Tax Payable	44,185.61	48,373.49
Regional School Tax (Overpaid)	(0.07)	(0.07)
Due to State:		
Marriage Licenses	325.00	1,800.00
DCA Training Fees	8,742.00	8,038.00
Interfund Payable:		
Utility Operating	-	27,078.29
Grant Fund	-	12,679.23
General Capital	-	25,000.00
Other:		
Payroll Taxes Payable	20,607.18	41,165.30
Tax Title Lien Exchange	1,482.58	1,482.58
Reserve for Section 8	-	16,394.81
Reserve for Codification of Ordinances	-	353.16
Reserve for Purchase of Ambulance	-	160.71
Reserve for Payment of Bonds and Coupons	-	15,080.51
Reserve for Escrow Deposits	207,395.20	170,376.79
Reserve for State Tax Appeal	-	4,558.48
Reserve for Revaluation	-	48,455.00
Reserve for Master Plan	-	27,744.12
	<u>2,677,912.36</u>	<u>2,875,675.62</u>
Reserve for Receivables and Other Assets	642,486.55	311,798.92
Fund Balance	<u>7,794,716.74</u>	<u>7,379,374.26</u>
Total Regular Fund	<u>11,115,115.65</u>	<u>10,566,848.80</u>
Federal and State Grant Fund:		
Unappropriated Reserves	24,581.68	71,102.37
Appropriated Reserves	3,804,786.97	4,183,964.23
Reserve for Encumbrances/Accounts Payable	504,135.18	457,591.94
Due to Current Fund	396,827.60	-
Due to General Capital Fund	-	45,000.00
Reserve for Revolving Loans Receivable	<u>600,000.00</u>	<u>600,000.00</u>
Total Federal and State Grant Fund	<u>5,330,331.43</u>	<u>5,357,658.54</u>
Total Current Fund	<u>\$ 16,445,447.08</u>	<u>15,924,507.34</u>



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

	2020	2019
Revenue and Other Income Realized		
Fund Balance	\$ 3,315,000.00	2,930,000.00
Miscellaneous Revenue Anticipated	8,395,393.10	9,386,640.26
Receipts from Delinquent Taxes	206,178.69	455,703.50
Receipts from Current Taxes	27,973,516.75	28,136,087.69
Non Budget Revenue	176,087.80	230,201.55
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	998,684.20	776,555.05
Interfund Returned	1,672.03	116,471.38
Grants Cancelled	14,589.32	-
Prior Year Reserves Cancelled	112,746.79	-
Prior Year Accounts Payable Cancelled	164,351.10	13,354.58
Total Income	41,358,219.78	42,045,014.01
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,538,150.00	6,459,382.00
Other Expenses	5,187,850.00	5,222,549.00
Deferred Charges & Statutory Expenditures	1,772,263.00	1,690,200.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	811,583.00	795,668.00
Other Expenses	1,107,548.87	1,332,488.05
Capital Improvements	657,000.00	1,157,000.00
Debt Service	2,857,565.25	2,843,194.34
Deferred Charges	400,000.00	372,026.00
Local District School Tax	1,886,377.00	1,867,882.50
Regional District School Tax	7,463,009.50	7,369,201.00
County Tax	8,504,855.72	8,032,422.15
County Share of Added Tax	44,185.61	48,373.49
Senior Citizens' Deductions Disallowed by Collector -		
Prior Year Taxes	-	250.00
Refund of Prior Year Revenue	-	56,244.83
Interfund Created	397,489.35	969.77
Elections Due from the County	-	25.00
Total Expenditures	37,627,877.30	37,247,876.13
Excess/(Deficit) in Revenue	3,730,342.48	4,797,137.88

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

	2020	2019
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	3,730,342.48	4,797,137.88
Fund Balance January 1	7,379,374.26	5,512,236.38
	11,109,716.74	10,309,374.26
Decreased by:		
Utilization as Anticipated Revenue	3,315,000.00	2,930,000.00
Fund Balance December 31	\$ 7,794,716.74	7,379,374.26

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,315,000.00	-	-
Total Fund Balance Anticipated	<u>3,315,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	55,000.00		940.00
Other	314,000.00		(9,975.00)
Fees and Permits	186,000.00		45,926.64
Fines and Costs:			
Municipal Court	195,000.00		(1,394.50)
Interest and Costs on Taxes	52,000.00		8,999.61
Parking Meters	1,405,000.00		189,553.75
Interest Earned on Investments	50,000.00		7,875.50
Hotel Room Tax	1,150,000.00		24,400.23
Lease and Rent Contracts	450,000.00		94,592.59
T.V. Cable Receipts	37,000.00		4,183.02
Victorian Towers - In Lieu of Taxes	180,000.00		27,816.41
Emergency Medical Services	330,000.00		16,696.80
Total Section A: Local Revenues	<u>4,404,000.00</u>	<u>-</u>	<u>409,615.05</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	337,632.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>337,632.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	625,000.00		145,845.30
Total Section C: Uniform Construction Code Fees	<u>625,000.00</u>	<u>-</u>	<u>145,845.30</u>
Section D: Interlocal Municipal Service Agreements			
Interlocal Agreement with West Cape May (Police Protection)	505,874.00		1.00
Interlocal Agreement with Cape May Point (Police Protection)	305,707.00		1.00
Total Section D: Interlocal Municipal Service Agreements	<u>811,581.00</u>	<u>-</u>	<u>2.00</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	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	185,000.00		185,000.00	-
Recycling Tonnage Grant	39,249.50		39,249.50	-
Bureau of Housing Inspection	27,004.00		27,004.00	-
Body Armor Grant	2,501.97		2,501.97	-
Hazard Mitigation Grant - Seawall Development Assistance	87,097.50		87,097.50	-
NJ Department of Environmental Protection	2,346.90		2,346.90	-
Hazard Mitigation Grant - Watershed Mgmt Plan	14,962.07		14,962.07	-
NJ Department of Environmental Protection - EV Charging Station	6,000.00		6,000.00	-
NJDCA-Neighborhood Preservation Program COVID-19 Relief		105,000.00	105,000.00	-
US Dept. of Homeland Security-Flood Mitigation		18,750.00	18,750.00	-
Clean Communities		18,289.93	18,289.93	-
Sustainable Jersey 2020		10,000.00	10,000.00	-
US Dept of Interior-Civil Rights-Library Project		500,000.00	500,000.00	-
NJDOT FY2021 Transportation Trust Fund		190,000.00	190,000.00	-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>364,161.94</b>	<b>842,039.93</b>	<b>1,206,201.87</b>	<b>-</b>
Section G: Other Special Items				
Uniform Fire Safety Act	230,000.00		230,515.88	515.88
Water & Sewer Utility Contribution to Street Improvements	50,000.00		50,000.00	-
Reserve to Pay Debt Service	175,000.00		175,000.00	-
<b>Total Section G: Other Special Items</b>	<b>455,000.00</b>	<b>-</b>	<b>455,515.88</b>	<b>515.88</b>
<b>Total Miscellaneous Revenues:</b>	<b>6,997,374.94</b>	<b>842,039.93</b>	<b>8,395,393.10</b>	<b>555,978.23</b>
Receipts from Delinquent Taxes	170,000.00		206,178.69	36,178.69
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	10,476,805.85		11,658,482.27	1,181,676.42
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>10,476,805.85</b>	<b>-</b>	<b>11,658,482.27</b>	<b>1,181,676.42</b>
Budget Totals	20,959,180.79	842,039.93	23,575,054.06	1,773,833.34
Non- Budget Revenues:				
Other Non- Budget Revenues:			176,087.80	176,087.80
<b>\$</b>	<b>20,959,180.79</b>	<b>842,039.93</b>	<b>23,751,141.86</b>	<b>1,949,921.14</b>

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	27,973,516.75
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	27,973,516.75
Allocated to:	
School, County and Other Taxes	17,523,660.33
Balance for Support of Municipal Budget Appropriations	10,449,856.42
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	1,208,625.85
Amount for Support of Municipal Budget Appropriations	11,658,482.27

Receipts from Delinquent Taxes:

Tax Title Lien Collection	-
Delinquent Tax Collection	206,178.69
Total Receipts from Delinquent Taxes	206,178.69

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Accident Report	1,181.00
Clerk's office	14,355.00
Copy Machines	303.91
GIS	16,390.00
Parking Fees	7,200.00
Police Applications	1,425.00
NSF Fees	100.00
Refunds	453.70
Shade Tree	10,672.50
Marriage Ceremony/Fees	20,978.00
JIF	29,348.00
2% Admin Fee	672.70
Cape May Pt - Court	15,820.87
Dog Excess Revenue	678.20
FEMA 2020	45,346.48
Miscellaneous	11,162.44

Total Miscellaneous Revenue Not Anticipated:	176,087.80
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**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration						
Salaries & Wages	\$ 97,000.00	97,000.00	94,260.57		2,739.43	-
Other Expenses	173,750.00	173,750.00	33,381.32		20,368.68	120,000.00
Mayor and Council						
Salaries & Wages	60,500.00	60,500.00	58,925.85		1,574.15	-
Other Expenses	7,300.00	7,300.00	4,546.09	220.00	2,533.91	-
City Clerk						
Salaries & Wages	183,000.00	183,000.00	168,262.57		14,737.43	-
Other Expenses	18,500.00	18,500.00	17,492.84	924.26	82.90	-
Financial Administration						
Salaries & Wages	162,000.00	165,000.00	161,202.25		3,797.75	-
Other Expenses	15,500.00	15,500.00	13,201.69	110.00	2,188.31	-
Audit Services						
Other Expenses	28,000.00	28,000.00	28,000.00		-	-
Assessment of Taxes						
Salaries & Wages	87,000.00	97,000.00	92,910.09		4,089.91	-
Other Expenses	18,500.00	21,000.00	16,740.46	2,608.57	1,650.97	-
Collection of Taxes						
Salaries & Wages	62,000.00	62,000.00	52,512.94		9,487.06	-
Other Expenses	10,000.00	10,000.00	7,076.22	155.00	2,768.78	-
Legal Services						
Other Expenses						
Miscellaneous Other Expenses	500,000.00	434,000.00	313,950.65		70,049.35	50,000.00
Engineering & Planning Services						
Other Expenses	50,000.00	57,000.00	52,503.55		4,496.45	-
Economic Development						
Other Expenses	15,000.00	15,000.00			-	15,000.00
Emergency Medical Services - Collection						
Contractual Expenses	18,000.00	18,000.00	13,293.51		4,706.49	-
<b>INSURANCE</b>						
General Liability						
Workers Compensation	317,000.00	317,000.00	203,114.00		63,886.00	50,000.00
Employee Group Health	380,000.00	380,000.00	334,354.88		45,645.12	-
Employee Group Health Waiver	2,225,000.00	2,225,000.00	1,555,191.38		469,808.62	200,000.00
Salaries & Wages	45,000.00	45,000.00	39,680.58		5,319.42	-

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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries & Wages	2,500.00	2,500.00	2,500.00	-	-	-
Other Expenses	43,000.00	43,000.00	21,287.80	1,802.56	19,909.64	-
Zoning Board of Adjustment						
Salaries & Wages	42,500.00	42,500.00	35,650.00		6,850.00	-
Other Expenses	17,500.00	17,500.00	10,583.91	2,325.73	4,590.36	-
<b>PUBLIC SAFETY</b>						
Fire						
Salaries & Wages	1,571,000.00	1,591,000.00	1,574,186.10		16,813.90	-
Other Expenses	80,000.00	80,000.00	56,096.46	7,192.88	16,710.66	-
Aid to Volunteer Fire Company						
Other Expenses	37,500.00	37,500.00	37,500.00	-	-	-
Police						
Salaries & Wages	1,910,500.00	1,910,500.00	1,781,639.50		128,860.50	-
Other Expenses	188,000.00	188,000.00	128,511.35	22,732.96	36,755.69	-
Emergency Management Services						
Salaries & Wages	11,250.00	11,250.00	7,573.87		3,676.13	-
Other Expenses	6,500.00	6,500.00	4,194.38	10.96	2,294.66	-
Parking and Traffic Maintenance						
Salaries & Wages	105,500.00	108,500.00	103,906.91		4,593.09	-
Other Expenses	106,000.00	106,000.00	50,605.22	17,747.92	37,646.86	-
Public Safety						
Other Expenses	1,000.00	1,000.00			1,000.00	-
Municipal Court						
Salaries & Wages	100,500.00	100,500.00	96,341.08		4,158.92	-
Other Expenses	85,000.00	85,000.00	66,274.33	2,346.70	16,378.97	-
Public Defender						
Other Expenses	8,300.00	8,300.00	7,500.00		800.00	-
<b>PUBLIC WORKS FUNCTION</b>						
Road Repairs and Maintenance						
Salaries & Wages	580,000.00	580,000.00	523,418.84		31,581.16	25,000.00
Other Expenses	235,000.00	235,000.00	159,076.93	6,882.15	69,040.92	-
Sanitary Landfill Contractual						
Other Expenses	27,000.00	27,000.00	15,636.80	975.46	10,387.74	-
Recycling						
Salaries & Wages	168,000.00	168,000.00	110,154.30		32,845.70	25,000.00
Other Expenses	130,000.00	130,000.00	65,876.99	205.60	38,917.41	25,000.00

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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public Buildings and Grounds						
Salaries & Wages	652,000.00	652,000.00	542,711.03		34,288.97	75,000.00
Other Expenses	415,000.00	415,000.00	292,793.75	16,021.51	86,184.74	20,000.00
Shade Tree Commission						
Salaries & Wages	500.00	500.00			500.00	-
Other Expenses	42,500.00	48,500.00	44,398.20		4,101.80	-
Property Maintenance Enforcement						
Other Expenses	2,500.00	2,500.00			2,500.00	-
<b>HEALTH AND HUMAN SERVICES</b>						
Uniform Fire Safety						
Salaries & Wages	209,000.00	209,000.00	170,710.02		18,289.98	20,000.00
Other Expenses	13,000.00	13,000.00	9,689.95	1,359.99	1,950.06	-
Environmental Commission						
Salaries & Wages	2,400.00	2,400.00	1,600.00		800.00	-
Other Expenses	3,500.00	3,500.00	400.00		3,100.00	-
<b>PARKS AND RECREATION FUNCTIONS</b>						
Civic Affairs						
Salaries & Wages	158,000.00	158,000.00	92,641.26		40,358.74	25,000.00
Other Expenses	65,000.00	65,000.00	11,768.83		28,231.17	25,000.00
Historic Preservation Commission						
Salaries & Wages	22,000.00	22,000.00	8,728.87		13,271.13	-
Other Expenses	19,500.00	19,500.00	9,622.46	776.35	9,101.19	-
Grants Coordinator						
Other Expenses	32,500.00	40,500.00	36,682.50	2,345.00	1,472.50	-
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	440,000.00	440,000.00	423,749.53		16,250.47	-
Other Expenses	31,000.00	31,000.00	16,402.87	5,402.23	9,194.90	-
<b>UNCLASSIFIED</b>						
Celebration of Public Events, Anniversary or Holiday						
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
General Office Operations						
Street Lighting	150,000.00	150,000.00	133,582.72	1,914.98	14,502.30	-
Gas Lighting	145,000.00	145,000.00	131,600.15	2,194.70	11,205.15	-
Gas Lighting - Parts	38,500.00	38,500.00	27,283.86		11,216.14	-
Gas Lighting - Parts	15,000.00	15,000.00	15,000.00		-	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>12,431,500.00</b>	<b>12,425,000.00</b>	<b>10,090,708.53</b>	<b>96,255.51</b>	<b>1,538,035.96</b>	<b>700,000.00</b>

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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Contingent	1,000.00	1,000.00		1,000.00		-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>12,432,500.00</b>	<b>12,426,000.00</b>	<b>10,090,708.53</b>	<b>96,255.51</b>	<b>1,539,035.96</b>	<b>700,000.00</b>
Detail:						
Salaries & Wages	6,672,150.00	6,708,150.00	6,143,266.16	-	394,883.84	170,000.00
Other Expenses	5,760,350.00	5,717,850.00	3,947,442.37	96,255.51	1,144,152.12	530,000.00
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None	-	-				-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	421,152.00	422,652.00	422,483.68		168.32	-
Social Security System (O.A.S.I.)	342,000.00	342,000.00	333,332.02		8,667.98	-
Police and Firemen's Retirement System	917,611.00	922,611.00	921,667.04		943.96	-
Unemployment Compensation Insurance	25,000.00	25,000.00	25,000.00		-	-
Reserve for Retirement Trust	55,000.00	55,000.00	55,000.00		-	-
Defined Contribution Retirement Program	5,000.00	5,000.00	2,151.34		2,848.66	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>1,765,763.00</b>	<b>1,772,263.00</b>	<b>1,759,634.08</b>	<b>-</b>	<b>12,628.92</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>14,198,263.00</b>	<b>14,198,263.00</b>	<b>11,850,342.61</b>	<b>96,255.51</b>	<b>1,551,664.88</b>	<b>700,000.00</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Length of Service Award Program - Fire	20,000.00	20,000.00	5,716.00		14,284.00	-
Interlocal Municipal Service Agreements						
Police Protection West Cape May & Cape May Point						
Contractual - West Cape May - Salaries & Wages	505,876.00	505,876.00	505,876.00		-	-
Contractual - Cape May Point - Salaries & Wages	305,707.00	305,707.00	305,707.00		-	-
Rental of Borough Property - West Cape May	41,347.00	41,347.00	41,347.00		-	-
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>872,930.00</b>	<b>872,930.00</b>	<b>858,646.00</b>	<b>-</b>	<b>14,284.00</b>	<b>-</b>

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, 2020**

	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						
Recycling Tonnage Grant	39,249.50	39,249.50	39,249.50	-	-	-
Bureau of Housing Inspection	27,004.00	27,004.00	27,004.00	-	-	-
Body Armor Grant	2,501.97	2,501.97	2,501.97	-	-	-
Hazard Mitigation Grant - Seawall Development	87,097.50	87,097.50	87,097.50	-	-	-
NJ Department of Environmental Protection	2,346.90	2,346.90	2,346.90	-	-	-
Hazard Mitigation Grant - Watershed Mgmt Plan	14,962.07	14,962.07	14,962.07	-	-	-
NJDEP - EV Charging Station	6,000.00	6,000.00	6,000.00	-	-	-
Sustainable Jersey - Resiliency Grant	10,000.00	10,000.00	10,000.00	-	-	-
US Dept of Homeland Security - Flood Mitigation	18,750.00	18,750.00	18,750.00	-	-	-
2020 US Dept of Interior-Civil Rights	500,000.00	500,000.00	500,000.00	-	-	-
NJDOT FY2021 Transportation Trust Fund	190,000.00	190,000.00	190,000.00	-	-	-
NPP-COVID 19 Relief	105,000.00	105,000.00	105,000.00	-	-	-
Clean Communities	18,289.93	18,289.93	18,289.93	-	-	-
Matching Funds for Grants	25,000.00	25,000.00	25,000.00	-	-	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>204,161.94</b>	<b>1,046,201.87</b>	<b>1,021,201.87</b>	<b>-</b>	<b>25,000.00</b>	<b>-</b>
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries & Wages	811,583.00	811,583.00	811,583.00	-	-	-
Other Expenses	265,508.94	1,107,548.87	1,068,264.87	-	39,284.00	-
<b>(C) Capital Improvements</b>						
Capital Improvement Fund	650,000.00	650,000.00	250,000.00	-	-	400,000.00
Reserve for Open Space Acquisitions	222,000.00	222,000.00	222,000.00	-	-	-
Purchase of Parking Kiosks	150,000.00	150,000.00	150,000.00	-	-	150,000.00
New Jersey Transportation Trust Fund Authority Act	185,000.00	185,000.00	185,000.00	-	-	-
<b>Total Capital Improvements</b>	<b>1,207,000.00</b>	<b>1,207,000.00</b>	<b>657,000.00</b>	<b>-</b>	<b>-</b>	<b>550,000.00</b>
(D) Debt Service						
Payment of Bond Principal	1,982,500.00	1,982,500.00	1,982,080.55	-	-	419.45
Interest on Bonds	777,000.00	777,000.00	776,992.29	-	-	7.71
Interest on Notes	-	-	-	-	-	-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	20,200.00	20,200.00	20,185.99	-	-	14.01
NJFIT Loans & Bonds	22,500.00	22,500.00	12,445.30	-	-	10,054.70
Capital Lease Obligations:						
Principal	49,000.00	49,000.00	48,907.95	-	-	92.05
Interest	17,000.00	17,000.00	16,963.17	-	-	46.83
<b>Total Debt Service</b>	<b>2,868,200.00</b>	<b>2,868,200.00</b>	<b>2,857,565.25</b>	<b>-</b>	<b>-</b>	<b>10,634.75</b>

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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		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;						
315-2018	400,000.00	400,000.00	400,000.00	-	-	-
Total Deferred Charges	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	5,552,291.94	6,394,331.87	5,794,413.12	-	39,284.00	560,634.75
SUBTOTAL GENERAL APPROPRIATIONS	<u>19,750,554.94</u>	<u>20,592,594.87</u>	<u>17,644,755.73</u>	<u>96,255.51</u>	<u>1,590,948.88</u>	<u>1,260,634.75</u>
(M) Reserve for Uncollected Taxes	1,208,625.85	1,208,625.85	1,208,625.85	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 20,959,180.79</u>	<u>21,801,220.72</u>	<u>18,853,381.58</u>	<u>96,255.51</u>	<u>1,590,948.88</u>	<u>1,260,634.75</u>
Budget Appropriations by 40A-4-87		20,959,180.79			Cancelled	1,260,634.75
		842,039.93			Overexpended	-
		<u>21,801,220.72</u>				<u>1,260,634.75</u>
Reserve for Uncollected Taxes			1,208,625.85			
Federal and State Grants			1,206,201.87			
Rental of Borough Property - West Cape May			41,347.00			
Disbursements			16,397,206.86			
			<u>18,853,381.58</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,**

	2020	2019
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 3,350.27	4,264.26
	3,350.27	4,264.26
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	373,255.76	316,155.26
	373,255.76	316,155.26
<u>Other Funds</u>		
Cash and Investments	3,937,615.17	3,641,116.15
	3,937,615.17	3,641,116.15
	\$ 4,314,221.20	3,961,535.67

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

	2020	2019
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 2,667.27	2,618.17
Due to Current Fund	678.20	1,629.29
Due to State of New Jersey	4.80	16.80
	3,350.27	4,264.26
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	373,255.76	316,155.26
	373,255.76	316,155.26
<u>Other Funds</u>		
Reserve for:		
Due to Current Fund	8.55	39.08
Unemployment Compensation	44,015.32	32,864.90
Retirement Fund	102,504.47	149,572.63
Parking Offense Adjudication Act	24,279.89	23,886.99
Street Openings	182,025.17	164,905.58
Tax Lien Premiums	2,070.26	2,070.26
Parking Escrow	157,771.07	125,833.96
Lifeguard Pension	642,555.02	628,273.34
Police Forfeiture	1,621.39	1,614.84
COAH	1,421,536.55	1,207,812.37
Fire Safety	8,993.99	5,720.73
Neighborhood Revitalization	143,543.87	142,964.26
Security Deposits	26,749.73	26,641.72
DARE	539.17	536.99
Small Cities Block Grant	751,516.58	748,482.06
Public Assistance	3,589.46	3,574.97
Performance Bond	362,053.54	324,637.59
Police Off-Duty	54,178.69	44,079.37
Flexible Spending	5,163.03	1,878.23
Fishermen's Memorial	2,205.21	5,034.88
Dellas Field	694.21	691.40
	3,937,615.17	3,641,116.15
	\$ 4,314,221.20	3,961,535.67



**EXHIBIT - C**  
**GENERAL CAPITAL FUND**



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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 3,213,013.19	2,984,555.92
Deferred Charges to Future Taxation -		
Funded	19,311,185.32	21,332,239.14
Unfunded	25,426,994.97	23,940,484.97
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
Due from Grant Fund	-	45,000.00
	<u>48,289,930.78</u>	<u>48,666,017.33</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,213,984.13	1,067,177.47
Serial Bonds Payable	19,195,000.00	21,177,080.55
Green Trust Loan Payable	95,593.83	113,597.44
Environmental Infrastructure Trust Loans Payable	20,591.49	41,561.15
Due to Beach Capital Fund	-	10,000.00
Due to W/S Capital Fund	-	15,000.00
Improvement Authorizations:		
Funded	1,365,442.38	1,498,651.95
Unfunded	21,260,756.64	19,991,420.65
Reserve to Pay Bonds or Notes	1,072,204.96	1,182,880.77
Reserve for Open Space	2,830,569.00	2,608,569.00
Reserves Other	26,575.60	26,575.60
Capital Improvement Fund	490,011.00	339,301.00
Fund Balance	719,201.75	594,201.75
	<u>\$ 48,289,930.78</u>	<u>48,666,017.33</u>

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

2019	23,940,484.97
2020	25,426,994.97

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

	2020	2019
Beginning Balance January 1	\$ 594,201.75	519,201.75
Increased by:		
Pool Ordinance 2014-283	125,000.00	75,000.00
Decreased by:		
None	-	-
Ending Balance December 31	\$ 719,201.75	594,201.75

**EXHIBIT - D**  
**WATER AND SEWER UTILITY FUND**



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

	2020	2019
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,529,741.03	1,638,515.88
	1,529,741.03	1,638,515.88
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	202,901.59	27,725.40
Interfunds:		
Due from Current	-	27,078.29
	202,901.59	54,803.69
Deferred Charges:		
Overexpenditure of Appropriation	-	67,215.72
	-	67,215.72
Total Operating Fund	1,732,642.62	1,760,535.29
Capital Fund:		
Cash	1,269,527.15	1,633,487.99
Loans Receivable	459,132.47	459,132.47
Due from General Capital	-	15,000.00
Fixed Capital	18,975,433.85	18,975,433.85
Fixed Capital - Authorized and Uncompleted	27,440,155.99	26,170,155.99
Total Capital Fund	48,144,249.46	47,253,210.30
	\$ 49,876,892.08	49,013,745.59

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

	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 315,635.44	549,511.04
Reserve for Encumbrances	101,407.77	68,833.30
Overpaid Rents	33,729.01	26,224.75
Sales Tax Payable	190.71	190.71
Accrued Interest on Bonds and Notes	164,562.50	188,654.80
Reserve for Sewer Treatment Plant	809.71	809.71
	616,335.14	834,224.31
Reserve for Receivables	202,901.59	27,725.40
Fund Balance	913,405.89	898,585.58
	1,732,642.62	1,760,535.29
Total Operating Fund		
Capital Fund:		
Encumbrances Payable	844,287.57	266,170.25
Serial Bonds Payable	6,555,590.00	7,519,211.14
Loans Payable	8,045,216.14	8,257,346.52
Improvement Authorizations:		
Funded	638,635.50	766,565.51
Unfunded	2,148,211.10	1,517,359.25
Reserve for Amortization	26,426,540.47	25,250,788.95
Deferred Reserve for Amortization	1,789,655.23	1,789,655.23
Reserve for Debt Service	1,157,807.11	1,357,807.11
Capital Improvement Fund	160,000.00	150,000.00
Fund Balance	378,306.34	378,306.34
	48,144,249.46	47,253,210.30
	\$ 49,876,892.08	49,013,745.59

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

	2019	2,328,588.00
	2020	3,598,588.00



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

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 675,000.00	600,000.00
Water and Sewer Rents	6,439,189.16	6,419,755.76
Reserve to Pay Bonds and Notes	200,000.00	205,121.53
Miscellaneous	119,677.97	166,128.96
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	430,708.16	158,049.87
Total Income	<u>7,864,575.29</u>	<u>7,549,056.12</u>
Expenditures		
Operations:		
Salaries and Wages	825,250.00	827,000.00
Other Expenses	4,418,100.00	4,431,850.00
Capital Improvements	60,000.00	60,000.00
Debt Service	1,702,618.51	1,453,117.50
Deferred Charges and Statutory Expenditures	168,115.72	109,021.53
Prior Year Accounts Payable	-	3,622.62
Refund of Prior Year Revenue	670.75	-
Total Expenditures	<u>7,174,754.98</u>	<u>6,884,611.65</u>
Excess in Revenue	<u>689,820.31</u>	<u>664,444.47</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	67,215.72
Total Adjustments	<u>-</u>	<u>67,215.72</u>
Excess in Operations	<u>689,820.31</u>	<u>731,660.19</u>
Fund Balance January 1	<u>898,585.58</u>	<u>766,925.39</u>
	1,588,405.89	1,498,585.58
Decreased by:		
Utilization as Anticipated Revenue	<u>675,000.00</u>	<u>600,000.00</u>
Fund Balance December 31	<u>\$ 913,405.89</u>	<u>898,585.58</u>

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

	2020	2019
Beginning Balance January 1	\$ 378,306.34	378,306.34
Increased by:		
Premiums on Sale of Bonds & Notes	-	-
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, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Surplus Anticipated	\$ 675,000.00	675,000.00	-
Anticipated Revenue:			
Water and Sewer Rents	6,415,650.00	6,439,189.16	23,539.16
Miscellaneous	118,065.72	119,677.97	1,612.25
Reserve to Pay Bond and Notes	200,000.00	200,000.00	-
	<u>\$ 7,408,715.72</u>	<u>7,433,867.13</u>	<u>25,151.41</u>

## Analysis of Realized Revenue:

Water and Sewer Rents		
Accounts Receivable	6,439,189.16	
Total Water & Sewer Rents		<u>6,439,189.16</u>
Miscellaneous Revenue		
Interest on Investments	14,387.09	
Penalties and Interest	4,057.16	
Fire Sprinkler Fees	375.00	
Sewer Connections	3,000.00	
Meter Installations	64,026.00	
Reconnection Fees	525.00	
Special Reading Charge	9,927.55	
Shut Off Notice Fee	6,025.00	
Disconnection Fees	350.00	
WCM Interlocal	1,413.00	
Miscellaneous	15,592.17	
Total Miscellaneous		<u>119,677.97</u>

**WATER AND SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	\$ 875,250.00	875,250.00	781,393.37		43,856.63	50,000.00
Other Expenses	4,568,100.00	4,568,100.00	4,051,403.49	101,407.77	265,288.74	150,000.00
	<u>5,443,350.00</u>	<u>5,443,350.00</u>	<u>4,832,796.86</u>	<u>101,407.77</u>	<u>309,145.37</u>	<u>200,000.00</u>
<b>Capital Improvements:</b>						
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>
<b>Debt Service:</b>						
Payment of Bond Principal	1,176,000.00	1,176,000.00	1,164,353.69		0.00	11,646.31
Interest on Bonds	561,250.00	561,250.00	538,264.82		(0.00)	22,985.18
	<u>1,737,250.00</u>	<u>1,737,250.00</u>	<u>1,702,618.51</u>	<u>-</u>	<u>(0.00)</u>	<u>34,631.49</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Overexpenditure of Appropriation	67,215.72	67,215.72	67,215.72		-	
PERS	15,000.00	15,000.00	15,000.00		-	
Social Security System (O.A.S.I.)	67,000.00	67,000.00	64,409.93		2,590.07	
Unemployment Compensation Insurance	3,900.00	3,900.00	3,900.00		3,900.00	
Retirement Trust	15,000.00	15,000.00	15,000.00		-	
	<u>168,115.72</u>	<u>168,115.72</u>	<u>161,625.65</u>	<u>-</u>	<u>6,490.07</u>	<u>-</u>
	<u>7,408,715.72</u>	<u>7,408,715.72</u>	<u>6,757,041.02</u>	<u>101,407.77</u>	<u>315,635.44</u>	<u>234,631.49</u>
					Cancelled	211,646.31
					Overexpended	-
						<u>211,646.31</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,**

	2020	2019
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,186,130.98	1,764,873.47
	2,186,130.98	1,764,873.47
Deferred Charges:		
Overexpenditure of Appropriation	-	14,674.53
	-	14,674.53
Total Operating Fund	2,186,130.98	1,779,548.00
Capital Fund:		
Cash	869,610.59	918,617.55
Fixed Capital - Authorized and Uncompleted	5,489,900.00	5,489,900.00
Due from General Capital	-	10,000.00
Due from Beach Operating	-	93.94
Total Capital Fund	6,359,510.59	6,418,611.49
	\$ 8,545,641.57	8,198,159.49

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

	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 364,729.55	207,016.07
Encumbrances Payable	41,665.44	32,397.96
Accounts Payable	1,600.00	-
Accrued Interest on Bonds and Notes	24,975.00	35,462.03
Due to Current Fund	-	3.66
Due to Beach Capital	-	93.94
	432,969.99	274,973.66
Fund Balance	1,753,160.99	1,504,574.34
Total Operating Fund	2,186,130.98	1,779,548.00
Capital Fund:		
Encumbrances Payable	31,976.00	48,663.07
General Serial Bonds Payable	1,880,000.00	2,100,000.00
Reserve for Amortization	2,065,000.00	1,845,000.00
Improvement Authorizations		
Funded	368,186.65	341,118.48
Unfunded	1,114,518.94	1,159,000.94
Reserve to Pay Bonds	73,904.38	73,904.38
Capital Improvement Fund	704,000.00	729,000.00
Fund Balance	121,924.62	121,924.62
Total Capital Fund	6,359,510.59	6,418,611.49
	\$ 8,545,641.57	8,198,159.49

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

2019	1,544,900.00
2020	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>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 360,000.00	301,834.02
Beach Fees	2,680,652.00	2,666,940.34
Miscellaneous Revenue	11,088.59	40,052.85
Miscellaneous Not Anticipated Revenue	264.00	-
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves	175,314.00	162,125.03
Total Income	<u>3,227,318.59</u>	<u>3,170,952.24</u>
Expenditures		
Operations:		
Salaries and Wages	1,583,000.00	1,557,000.00
Other Expenses	564,000.00	571,500.00
Capital Improvements	10,000.00	50,000.00
Debt Service	287,057.41	221,233.69
Deferred Charges and Statutory Expenditures	174,674.53	186,834.02
Prior Year Accounts Payable	-	5,925.00
Total Expenditures	<u>2,618,731.94</u>	<u>2,592,492.71</u>
Excess/(Deficit) in Revenue	<u>608,586.65</u>	<u>578,459.53</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	14,674.53
Total Adjustments	<u>-</u>	<u>14,674.53</u>
Excess in Operations	<u>608,586.65</u>	<u>593,134.06</u>
Fund Balance January 1	<u>1,504,574.34</u>	<u>1,213,274.30</u>
	2,113,160.99	1,806,408.36
Decreased by:		
Utilization as Anticipated Revenue	<u>360,000.00</u>	<u>301,834.02</u>
Fund Balance December 31	<u>\$ 1,753,160.99</u>	<u>1,504,574.34</u>

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

	2020	2019
Beginning Balance January 1	\$ 121,924.62	121,924.62
Increased by:		
None	-	-
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, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 360,000.00	360,000.00	-
Anticipated Revenue:			
Beach Fees	2,400,000.00	2,680,652.00	280,652.00
Miscellaneous Revenue	19,674.53	11,088.59	(8,585.94)
Miscellaneous Not Anticipated Revenue	-	264.00	264.00
	\$ 2,779,674.53	3,052,004.59	272,330.06
Analysis of Realized Revenue:			
Beach Fees			
Collections	2,680,652.00		
Total Beach Fees		2,680,652.00	
Miscellaneous Revenue			
Miscellaneous	264.00		
Interest on Investments	11,088.59		
Total Miscellaneous		11,352.59	

**BEACH UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	\$ 1,633,000.00	1,633,000.00	1,428,686.61		154,313.39	50,000.00
Other Expenses	639,000.00	639,000.00	331,450.28	41,665.44	190,884.28	75,000.00
	<u>2,272,000.00</u>	<u>2,272,000.00</u>	<u>1,760,136.89</u>	<u>41,665.44</u>	<u>345,197.67</u>	<u>125,000.00</u>
<b>Capital Improvements:</b>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		-	
	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>						
Bond Principal	220,000.00	220,000.00	220,000.00			-
Interest on Bonds	78,000.00	78,000.00	67,057.41			10,942.59
	<u>298,000.00</u>	<u>298,000.00</u>	<u>287,057.41</u>	<u>-</u>	<u>-</u>	<u>10,942.59</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Overexpenditure of Appropriation	14,674.53	14,674.53	14,674.53		-	
Social Security System	125,000.00	125,000.00	80,468.12		19,531.88	25,000.00
Unemployment	20,000.00	20,000.00	20,000.00		-	
Lifeguard Pension	40,000.00	40,000.00	40,000.00		-	
	<u>199,674.53</u>	<u>199,674.53</u>	<u>155,142.65</u>	<u>-</u>	<u>19,531.88</u>	<u>25,000.00</u>
	<u>\$ 2,779,674.53</u>	<u>2,779,674.53</u>	<u>2,212,336.95</u>	<u>41,665.44</u>	<u>364,729.55</u>	<u>160,942.59</u>
					Cancelled	160,942.59
					Overexpended	-
						<u>160,942.59</u>
						<u>160,942.59</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,**

	2020	2019
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,179,404.27	1,058,765.52
Change Fund	500.00	500.00
	1,179,904.27	1,059,265.52
Total Operating Fund	1,179,904.27	1,059,265.52
	1,179,904.27	1,059,265.52
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	220,832.37	137,626.88
Encumbrances Payable	14,657.59	24,133.01
Accounts Payable	-	280.00
Sales Tax Payable	630.89	630.89
Due to Security Deposit	41,217.50	40,817.50
	277,338.35	203,488.28
Fund Balance	902,565.92	855,777.24
Total Operating Fund	1,179,904.27	1,059,265.52
	\$ 1,179,904.27	1,059,265.52

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

	2020	2019
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 178,000.00	150,000.00
Tourism Fees	640,991.30	1,229,681.95
Other Credits to Income:		
Miscellaneous Revenue not Anticipated	3,790.85	15,773.40
Unexpended Balance of Appropriation Reserves	125,406.53	119,630.64
Prior Year Accounts Payable Cancelled	200.00	236.46
Total Income	948,388.68	1,515,322.45
Expenditures		
Operations:		
Salaries and Wages	230,000.00	475,000.00
Other Expenses	453,600.00	855,000.00
Statutory Expenditures	40,000.00	-
Total Expenditures	723,600.00	1,330,000.00
Excess/(Deficit) in Revenue	224,788.68	185,322.45
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Excess in Operations	224,788.68	185,322.45
Fund Balance January 1	855,777.24	820,454.79
	1,080,565.92	1,005,777.24
Decreased by:		
Utilization as Anticipated Revenue	178,000.00	150,000.00
Fund Balance December 31	\$ 902,565.92	855,777.24



**TOURISM UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Anticipated Revenue:			
Surplus Anticipated	\$ 178,000.00	178,000.00	-
Tourism Fees & Events	588,600.00	47,753.41	(540,846.59)
Hotel Room Tax	320,000.00	320,000.00	-
Lease and Rent Contracts	247,000.00	211,787.89	(35,212.11)
Mercantile License Fee	65,000.00	61,450.00	(3,550.00)
Miscellaneous		3,790.85	3,790.85
	<u>\$ 1,398,600.00</u>	<u>822,782.15</u>	<u>(575,817.85)</u>

## Analysis of Realized Revenue:

Tourism Fees Collections	47,753.41
	<u>47,753.41</u>
Miscellaneous Interest	3,790.85
	<u>3,790.85</u>

**TOURISM UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 480,000.00	480,000.00	208,587.89	21,412.11	250,000.00
Other Expenses	878,600.00	878,600.00	263,565.20	14,657.59	425,000.00
	<u>1,398,600.00</u>	<u>1,398,600.00</u>	<u>488,110.04</u>	<u>220,832.37</u>	<u>675,000.00</u>
Statutory Expenditures:					
Social Security System	40,000.00	40,000.00	15,956.95	24,043.05	
	<u>1,398,600.00</u>	<u>1,398,600.00</u>	<u>488,110.04</u>	<u>220,832.37</u>	<u>675,000.00</u>
	\$		\$		
			Cash Disbursed		
			Reimbursements		
			\$ 488,110.04		
			-		
			<u>488,110.04</u>		

**EXHIBIT - G**  
**GENERAL FIXED ASSET ACCOUNT GROUP**



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

	<u>2020</u>	<u>2019</u>
<u>General Fixed Assets</u>		
Land, Buildings and Improvements	\$ 26,950,561.09	26,950,561.09
Machinery and Equipment	10,456,795.46	10,357,038.63
	<u>37,407,356.55</u>	<u>37,307,599.72</u>
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	37,407,356.55	37,307,599.72
	<u>\$ 37,407,356.55</u>	<u>37,307,599.72</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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 City, 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, 2020 AND 2019**  
**(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, 2020 AND 2019  
(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.

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, 2020 AND 2019  
(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 June 15, 2021, may have an 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, 2020, 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, 2021, 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, 2021, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93 "Replacement of Interbank Offered Rates". 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.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Private Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96 "Subscription-Based Information Technology Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is partially effective immediately and also for fiscal years beginning after June 15, 2021. This statement 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 City is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$1,208,625.85 and \$1,141,061.13. To balance the budget, the City is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$3,315,000.00 and \$2,930,000.00. 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 2020 and 2019 statutory budgets was \$675,000.00 and \$600,000.00. The amount of fund balance budgeted to balance the beach utility budget in 2020 and 2019 statutory budgets was \$360,000.00 and \$301,834.02. The amount of fund balance budgeted to balance to tourism utility budget in 2020 and 2019 was \$178,000.00 and \$150,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following more significant budget transfers were approved in the 2020 and 2019 calendar years:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Legal Services		
Other Expenses	\$ (66,000.00)	(75,000.00)
Insurance		
General Liability		(75,000.00)
Employee Group Health		(95,000.00)
Capital Improvement Fund		250,000.00
<u>Water/Sewer Utility Fund:</u>	None	None
<u>Tourism Utility Fund:</u>	None	
Operations		
Salaries and Wages		15,000.00
Other Expenses		(15,000.00)
<u>Beach Utility Fund:</u>	None	None

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2020 and 2019, the following budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
Clean Communities Program	\$ 18,289.93	20,284.05
NJDCA Neighborhood Preservation Program COVID-19 Relief	105,000.00	-
NJDEP-Green Acres - Lafayette Street Park Nature Trail	-	500,000.00
US Dept of Homeland Security-Flood Mitigation	18,750.00	-
Sustainable Jersey 2020	10,000.00	-
NJ Transportation Trust Fund Authority	190,000.00	200,000.00
DCA Neighborhood Preservation Program	-	125,000.00
WaWa Foundation-Police Vest Grant 2019	-	8,500.00
US Dept of Interior-Civil Rights-Library Project	500,000.00	-
Cops in Shops	-	3,960.00

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no Emergency or Special Emergency appropriations in 2020.

**NOTE 3: INVESTMENTS**

As of December 31, 2020 and 2019, the City did not have any investments.

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

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

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

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City'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, 2020, \$4,077,812.25 of the City's bank balance of \$25,081,935.81 was exposed to custodial credit risk. 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.

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	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>
	Balance 12/31/2019	Additions	Retirements/ Adjustments	Balance 12/31/2020
Land, Building and Improvements	\$ 26,950,561.09			26,950,561.09
Equipment and Machinery	10,357,038.63	110,583.24	(10,826.41)	10,456,795.46
	<u>37,307,599.72</u>	<u>110,583.24</u>	<u>(10,826.41)</u>	<u>37,407,356.55</u>

**NOTE 6: SHORT-TERM OBLIGATIONS**

	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%. The City did not renew this note. As of December 31, 2020, the City has authorized but not issued bonds in the amount of \$25,426,994.97, \$3,598,588.00, \$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, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 7: LONG TERM DEBT**

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	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>
	Balance 12/31/19	Issued	Retired	Balance 12/31/20	Amounts Due Within One Year
Bonds payable:					
General	\$ 21,177,080.55		1,982,080.55	19,195,000.00	1,980,000.00
Water Sewer Utility	7,519,211.14		963,621.14	6,555,590.00	747,670.00
Beach Utility	2,100,000.00		220,000.00	1,880,000.00	240,000.00
Total	<u>30,796,291.69</u>	<u>-</u>	<u>3,165,701.69</u>	<u>27,630,590.00</u>	<u>2,967,670.00</u>
Other liabilities:					
Loans Payable:					
General	155,158.59		38,973.27	116,185.32	38,956.98
Water Sewer Utility	8,257,346.52		212,130.38	8,045,216.14	217,564.30
Compensated Absences Payable	<u>1,298,239.68</u>		<u>47,947.85</u>	<u>1,250,291.83</u>	
Total long-term liabilities	<u>\$ 40,507,036.48</u>	<u>-</u>	<u>3,464,753.19</u>	<u>37,042,283.29</u>	<u>3,224,191.28</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(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. There is no balance remaining as of December 31, 2020.

\$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, 2020 is \$6,340,000.00.

\$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, 2020 is \$3,265,000.00.

\$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, 2020 is \$9,590,000.00.

\$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, 2020 is \$95,593.83.

\$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, 2020 is \$4,900.00.

\$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, 2020 is \$3,300.93.

\$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, 2020 is \$5,040.56.

\$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, 2020 is \$7,350.00.

**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. There is no balance remaining as of December 31, 2020.

\$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, 2020 is \$15,590.00.

\$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. There is no balance remaining as of December 31, 2020.

\$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, 2020 is \$1,140,000.00.

\$2,700,000 General Bonds dated July 15, 2014, due in annual installments through July 15, 2025, bearing interest at 3.00% per annum. The balance remaining as of December 31, 2020 is \$1,390,000.00.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

\$4,250,000 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, 2020 is \$4,010,000.00.

\$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, 2020 is \$5,100.00.

\$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, 2020 is \$3,435.66.

\$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, 2020 is \$5,246.30.

\$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, 2020 is \$1,140,323.49.

\$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, 2020 is \$7,650.00.

\$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, 2020 is \$1,000,322.57.

\$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, 2020 is \$1,656,142.31.

\$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, 2020 is \$1,104,673.53.

\$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, 2020 is \$1,237,234.35.

\$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, 2020 is \$1,475,087.93.

\$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, 2020 is \$410,000.00.

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

\$2,700,000 General Bonds dated July 15, 2014, due in annual installments through July 15, 2026, bearing interest at 3.00% per annum. The balance remaining as of December 31, 2020 is \$1,180,000.00.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

\$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, 2020 is \$700,000.00.

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

Year Ending December 31,	General Capital Fund	
	Principal	Interest
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	2,535,000.00	354,775.00
2026-2030	6,770,000.00	665,987.50
2031	1,130,000.00	16,950.00
	<u>\$ 19,195,000.00</u>	<u>3,311,412.50</u>

Year Ending December 31,	Utility Capital Fund		Beach Utility Capital Fund	
	Principal	Interest	Principal	Interest
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	770,000.00	105,900.00	320,000.00	27,000.00
2026-2030	2,030,000.00	229,200.00	480,000.00	17,400.00
2031	480,000.00	7,200.00		
	<u>\$ 6,555,590.00</u>	<u>1,090,635.75</u>	<u>1,880,000.00</u>	<u>257,900.00</u>

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
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	19,887.18	298.82	222,024.68	249,348.01
2026-2030			1,234,046.64	1,125,766.81
2031-2035			1,470,720.16	893,012.03
2036-2040			1,465,069.67	617,300.85
2041-2045			1,284,965.63	399,210.32
2046-2050			1,113,683.66	183,531.50
2051-2054			411,251.64	29,871.69
	<u>\$ 116,185.32</u>	<u>5,918.04</u>	<u>8,045,216.14</u>	<u>4,567,115.50</u>

As of December 31, 2020, 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 \$789,427.59. \$538,264.82 was charged to the water and sewer utility budget and \$67,057.41 to the beach utility budget.



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

<u>Summary of Municipal Debt</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 19,311,185.32	\$ 21,332,239.14	\$ 23,374,091.99
Water/Sewer Utility - Bonds and Notes	14,600,806.14	15,776,557.66	16,067,860.75
Beach Utility - Bonds and Notes	1,880,000.00	2,100,000.00	2,205,000.00
Total Issued	<u>35,791,991.46</u>	<u>39,208,796.80</u>	<u>41,646,952.74</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	25,426,994.97	23,940,484.97	22,412,510.97
Water/Sewer Utility - Bonds and Notes	3,598,588.00	2,328,588.00	2,943,588.00
Beach Utility - Bonds and Notes	1,544,900.00	1,544,900.00	1,589,900.00
Total Authorized But Not Issued	<u>30,570,482.97</u>	<u>27,813,972.97</u>	<u>26,945,998.97</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 66,362,474.43</u>	<u>\$ 67,022,769.77</u>	<u>68,592,951.71</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.414%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 2,845,146.21	2,845,146.21	-
Water and Sewer Utility Debt	18,199,394.14	18,199,394.14	-
Beach Utility	3,424,900.00	3,424,900.00	-
General Debt	44,738,180.29	1,072,204.96	43,665,975.33
	<u>\$ 69,207,620.64</u>	<u>25,541,645.31</u>	<u>43,665,975.33</u>

Net Debt \$43,665,975.33 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,088,269,948.33 = 1.414%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$	108,089,448
Net Debt		43,665,975
Remaining Borrowing Power	<u>\$</u>	<u>64,423,473</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

		<u>2021</u>	<u>2020</u>
Current Fund	\$	3,360,000.00	3,315,000.00
Water/Sewer Utility		518,000.00	675,000.00
Beach Utility		400,000.00	360,000.00
Tourism Utility		175,000.00	178,000.00

**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>12/31/2020</u>	<u>12/31/2019</u>
Balance of Tax	\$	943,188.50	\$ 928,346.80
Deferred		943,188.50	928,346.80
Tax Payable	\$	-	-

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

		<u>12/31/2020</u>	<u>12/31/2019</u>
Balance of Tax	\$	3,544,120.93	\$ 3,918,888.43
Deferred		3,544,121.00	3,918,888.50
Tax Payable	\$	(0.07)	(0.07)

**NOTE 10: TAXES COLLECTED IN ADVANCE**

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

	<u>Balance 12/31/20</u>	<u>Balance 12/31/19</u>
Prepaid Taxes	\$ 689,517.94	675,910.61
Cash Liability for Taxes Collected in Advance	\$ 689,517.94	675,910.61

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**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.

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.

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

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, 2020, 2019, and 2018 were \$413,205.00, \$432,545.00 and \$441,587.15.

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, 2020, 2019, and 2018 were \$913,390.00, \$868,003.32 and \$788,690.00.

The total payroll for the year ended December 31, 2020, 2019 and 2018 was \$8,824,328.65, \$8,929,755.70, and \$8,399,361.76. Payroll covered by PFRS was \$3,044,006.00, \$3,000,302.00, and \$3,050,946.00. Payroll covered by PERS was \$3,340,526.00, \$3,193,362.00, and \$2,944,262.00.

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, 2020 was \$642,555.02. Currently there are eleven individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2020, 2019 and 2018 were \$56,703.00, \$52,008.00 and \$53,902.67.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ 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.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

- 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 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 1/7<sup>th</sup> 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.

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.

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**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, 2020:

**Public Employees' Retirement System**

The City has a liability of \$7,344,281.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. 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, 2020, the City's proportion would be 0.04503653700%, which would be an increase of 9.27% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City would have recognized pension expense of \$187,064.00. At December 31, 2020, 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	\$ 133,727	\$ (25,973)
Changes of assumptions	238,257	(3,075,120)
Changes in proportion	745,747	
Net difference between projected and actual earnings on pension plan investments	251,033	(606,755)
Total	<u>\$ 1,368,764</u>	<u>\$ (3,707,848)</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,	
2021	\$ (869,884)
2022	(793,069)
2023	(453,219)
2024	(183,274)
2025	(39,638)
Total	<u>\$ (2,339,084)</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value 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, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of the 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 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 8,747,018	\$ 7,344,281	\$ 6,155,551

*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, 2020 AND 2019**  
**(CONTINUED)**

**Police and Firemen's Retirement System**

The City has a liability of \$11,191,355.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. 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, 2020, the City's proportion would be 0.08661155060%, which would be a decrease of 4.22% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City would have recognized pension expense of \$461,735.00. At December 31, 2020, 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	\$ 112,828	\$ (40,164)
Changes of assumptions	28,163	(3,000,335)
Changes in proportion	656,201	(752,617)
Net difference between projected and actual earnings on pension plan investments	266,355	
Total	<u>\$ 1,063,547</u>	<u>\$ (3,793,116)</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,	
2021	\$ (1,273,796)
2022	(859,658)
2023	(349,973)
2024	(132,207)
2025	(113,935)
Total	<u>\$ (2,729,569)</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, 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% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of the 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, 2020, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	14,464,285.85	11,191,355.00	8,473,008.45

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 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, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. 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 2020, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.08661155060% for 2020. The net pension liability amount allocated to the City was \$1,736,847.00. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$196,837.00 is allocated to the City.

*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;

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

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

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

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

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

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

*Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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:

	<b>June 30, 2019</b>	
	<b>Collective Total</b>	<b>Proportionate Share</b>
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%

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.

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

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.

*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.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

*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

*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:

	<u>Collective Totals</u>		<u>Proportionate Share</u>	
	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
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	<u>\$ 11,158,226</u>	<u>\$ (8,761,825,481)</u>	<u>\$ 896,136</u>	<u>\$ (11,111,309)</u>



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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

Year ended June 30,	Collective Totals	Proportionate Share
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	<u>\$ (8,750,667,255)</u>	<u>\$ (10,215,173)</u>

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

*Collective OPEB Expenses reported by the State of New Jersey*

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 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%

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**NOTE 14: ACCRUED SICK AND VACATION BENEFITS**

The City has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. Employees are only eligible to receive 50% of the sick time they have accrued, and the maximum dollar amount of sick time that may be earned is \$12,000. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2020, the City estimates this liability to approximate \$1,239,282.79 based on 2020 pay rates and compensated absence balances.

**NOTE 15: ECONOMIC DEPENDENCY**

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

**NOTE 16: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2020 and 2019 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 \$50,000 under JIF, which increases to \$1,000,000 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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 19: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2020, 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	\$ 678.20	
Federal and State Grant Funds	406,827.60	
Trusts Other	8.55	
Current Fund		406,827.60
Other Trusts:		
Current Fund		8.55
Animal Control Fund:		
Current Fund		678.20
	<u>\$ 407,514.35</u>	<u>407,514.35</u>

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

**NOTE 20: CAPITAL LEASE OBLIGATIONS**

During the year ended December 31, 2020, 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 1<sup>st</sup> 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 <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
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	52,799.30	10,733.84
2026-2030	310,984.11	31,218.18
2031	66,080.22	850.45
	<u>\$ 621,610.94</u>	<u>98,220.86</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

**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.

**NOTE 22: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through July 30, 2021, 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:		
Construction of a State of the Art New Fire Station	Introduced: January 19, 2021 Adopted: February 16, 2021	\$ 5,000,000.00
Providing for the Acquisition of Real Property	Introduced: February 2, 2021 Adopted: March 2, 2021	450,000.00
		\$ 5,450,000.00

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## **SUPPLEMENTARY INFORMATION**





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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, 2020, 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 30, 2021, 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 30, 2021**





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## Independent Auditor's Report

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

### ***Report on Compliance for Each Major Program***

We have audited the City of Cape May's compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of the City of Cape May's major programs for the year ended December 31, 2020. The City of Cape May's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Cape May's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about City of Cape May's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the City of Cape May's compliance.

### ***Opinion on Each Major Program***

In our opinion, the City of Cape May complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2020.

## **Report on Internal Control Over Compliance**

Management of City of Cape May is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Cape May's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cape May's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedules of Expenditures of Federal Awards Required by OMB Uniform**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Cape May, New Jersey, as of December 31, 2020 and 2019, the related statements 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, 2020, and have issued our report thereon dated July 30, 2021, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Uniform Guidance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Leon P. Costello*

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**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

**July 30, 2021**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal FAIN Number	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients
			From	To			Pass Through	Source	Total	
<b>FEDERAL:</b>										
Federal Emergency Management Agency Hurricane Sandy	97.036				45,346.48 \$	45,346.48		45,346.48		45,346.48
Total Federal Emergency Management Agency						45,346.48	-	45,346.48		45,346.48
<b>U.S. Department of Treasury</b>										
Passed Through State of New Jersey Department of Community Affairs Coronavirus Relief Fund - CAPES	21.019 21.019				6,637.49 105,000.00	105,000.00	6,637.49 87,539.14			6,637.49 87,539.14
Neighborhood Preservation Program COVID-19 Relief						105,000.00	94,176.63	-		94,176.63
Total U.S. Department of Treasury						210,000.00	101,715.77	94,176.63		185,892.40
<b>U.S. Department of Interior</b>										
Historic Preservation Fund Grants-In-Aid Civil Rights - Library Project	15.904		1/1/2020	8/30/2023	500,000.00	30,000.00		12,000.00		12,000.00
Total U.S. Department of Interior						30,000.00	-	12,000.00		12,000.00
<b>Housing and Urban Development</b>										
Passed through State of New Jersey Department of Community Affairs Small Cities Program CDBG 2018 CDBG Disaster Recovery - Streetscape	14.228 14.269		1/1/2018 5/13/2013	7/31/2021 Open	400,000.00 253,000.00	253,000.00	400,000.00 253,000.00			400,000.00 253,000.00
Total Housing and Urban Development						253,000.00	653,000.00	-		653,000.00
Total Federal Assistance						\$ 433,346.48	747,176.63	57,346.48		804,523.11

**NOTES TO SCHEDULE EXPENDITURES OF  
FEDERAL AWARDS FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2020**

**Note 1: General**

The accompanying schedule of federal and state awards includes the federal and state grant activity of the City of Cape May, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs. The City has elected not to use the 10% de minimis indirect cost rate.

**Note 2: Relationship to General Purpose Financial Statements**

Amounts reported in the accompanying schedule do not agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditures per Schedule of Federal Awards	\$	804,523.11
Less: Current Fund Grant		(51,983.97)
Plus: State Grants		548,369.88
Plus: Local Grants		8,494.11
Expenditures reported on Schedule A-12	\$	<u>1,309,403.13</u>

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**CITY OF CAPE MAY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

**Part I -- Summary of Auditor's Results**

**Financial Statement Section**

A) Type of auditor's report issued:	<u>Adverse - GAAP Basis, Qualified Regulatory basis</u>		
B) Internal control over financial reporting:			
1) Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____ no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____ no
C) Noncompliance material to general-purpose financial statements noted?	_____	yes	_____ <u>X</u> _____ no

**Federal Awards Section**

D) Dollar threshold used to determine Type A programs:	<u>\$ 750,000.00</u>		
E) Auditee qualified as low-risk auditee?	_____	yes	_____ <u>X</u> _____ no
F) Type of auditor's report on compliance for major programs	<u>Unmodified</u>		
G) Internal Control over compliance:			
1) Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____ no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____ no
H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____	yes	_____ <u>X</u> _____ no
I) Identification of major programs:			

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Small Cities Program CDBG - 2018
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**CITY OF CAPE MAY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

**Part I -- Summary of Auditor's Results**

**State Awards Section -**

**Not Applicable**

J) Dollar threshold used to determine Type A programs: \_\_\_\_\_

K) Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

L) Type of auditor's report on compliance for major programs \_\_\_\_\_

M) Internal Control over compliance:  
1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Were reportable condition(s) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ no

N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? \_\_\_\_\_ yes \_\_\_\_\_ no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>

***Part 2 - Schedule of Financial Statement Findings***

None

***Part 3 - Schedule of Federal Award Findings and Questioned Costs***

None

***STATUS OF PRIOR YEAR FINDINGS***

There were no prior year findings.



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2019	\$ 10,229,943.27	450,286.89
Increased by Receipts:		
Tax Collector	28,235,361.21	
Revenue Accounts Receivable	7,086,841.07	
Miscellaneous Revenue	175,409.59	
Due from State - Seniors and Veterans	33,634.93	
Due from Animal Control	1,629.29	
Due from TTL Premium	39.08	
Due from Tourism Operating	61,450.00	
Due from Utility Operating	2,276.50	
Due from Beach Operating	3.66	
Due from Flex Spending	20,120.00	
Due from Grant Fund	880,621.61	1,275,539.12
Due from General Capital	189,324.19	
Due from COAH	313,053.00	
Due from Parking Trust	31,425.00	
Due from Street Opening Trust	16,800.00	
Due from Fire Safety Trust	1,500.00	
Due from P.O.A.A. Trust	476.00	
Elections	3,125.00	
Due from Performance Bond	62,504.46	
Due from Pd Outside Employment	80,080.00	
Payroll & Payroll Taxes Payable	11,777,952.00	
Reserve for Escow Trust	166,765.10	
Federal and State Unappropriated Reserves		24,581.68
Federal and State Receivables		856,039.93
Due to the State of New Jersey:		
DCA Training Fees	26,202.00	
Marriage Licenses	2,550.00	
	<u>49,169,143.69</u>	<u>2,156,160.73</u>
	59,399,086.96	2,606,447.62

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Decreased by Disbursements:		
Current Year Appropriation	16,397,206.86	
Prior Year Appropriations	555,485.16	
County Taxes	8,553,229.21	
Local District School Taxes	1,886,377.00	
Regional School Taxes	7,463,009.50	
Accounts Payable	32,302.20	
Tax Overpayments	7,171.95	
Due to Flex Spending	20,120.00	
Due to General Capital	214,324.19	
Due to Street Opening Trust	16,800.00	45,000.00
Due to Fire Safety Trust	1,500.00	
Due to P.O.A. Trust	476.00	
Due to Grant Fund	1,275,539.12	880,621.61
Due to Utility Operating	29,354.79	
Due to COAH	313,053.00	
Due to Parking Trust	31,425.00	
Due to Tourism Operating	61,450.00	
Due to Pd Outside Employment	80,080.00	
Reserve for Escrow Trust	128,643.30	
Payroll & Payroll Taxes Payable	11,798,510.11	
Due to Performance Bond	62,504.46	
Elections	3,100.00	
Federal and State Disbursements		1,262,859.89
Due to the State of New Jersey:		
DCA Training Fees	25,498.00	
Marriage Licenses	4,025.00	
	48,961,184.85	2,188,481.50
Balance December 31, 2020	\$ 10,437,902.11	417,966.12

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

Balance December 31, 2019		\$	-
Increased by Receipts:			
Prepaid Taxes	689,517.94		
Taxes Receivable	27,484,843.66		
Revenue Accounts Receivable	60,999.61		
			28,235,361.21
			28,235,361.21
Payments to Treasurer			28,235,361.21
Balance December 31, 2020		\$	-

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2020
				2019	2020				
Arrears \$	-								
2019	206,158.69			206,178.69	(20.00)				-
	206,158.69			206,178.69	(20.00)				-
2020	-	28,148,805.56	3,056.95	675,910.61	27,297,606.14	26,154.26	642.14		151,549.36
	206,158.69	28,148,805.56	3,056.95	675,910.61	27,503,784.83	26,134.26	642.14		151,549.36

Cash Receipts  
Senior Citizens and Veterans  
Overpayments Applied (Created)  
27,503,784.83

Analysis of Current Year Tax Levy

Tax Yield:  
General Property Tax  
Added Taxes (54:4-63.1 et. Seq.)  
28,148,805.56  
3,056.95  
28,151,862.51

Tax Levy:  
General County Taxes  
County Library Taxes  
County Health Taxes  
County Open Space Taxes  
County Added and Omitted Taxes  
Total County Taxes  
8,549,041.33

Local School District Tax  
Additional Local School District Tax  
Regional School District Tax  
1,886,377.00  
7,088,242.00

Local Tax for Municipal Purposes  
Add: Additional Tax Levied  
10,476,805.85  
151,396.33  
10,628,202.18

28,151,862.51

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

Balance December 31, 2019		\$	9,464.70
Increased by:			
Transfers from Taxes Receivable	642.14		
	642.14		642.14
			10,106.84
Decreased by:			
None	-		
	-		-
Balance December 31, 2020		\$	10,106.84

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2019	Accrued in 2020	Collected by			Balance Dec. 31, 2020
			Collector	Treasurer	Other	
Licenses:						
Alcoholic Beverages	\$ -	55,940.00		55,940.00		-
Other	-	304,025.00		304,025.00		-
Fees and Permits	-	231,926.64		231,926.64		-
Fines and Costs:						
Municipal Court	11,162.50	182,443.00		193,605.50		-
Interest and Costs on Taxes	-	60,999.61	60,999.61			-
Interest Earned on Investments	-	57,875.50		57,875.50		-
Parking Meters	-	1,594,553.75		1,594,553.75		-
Hotel Room Tax	-	1,174,400.23		1,174,400.23		-
Lease and Rental Contracts	-	544,592.59		544,592.59		-
TV Cable Receipts	-	41,183.02		41,183.02		-
Victorian Towers - In Lieu of Taxes	-	207,816.41		207,816.41		-
Emergency Medical Services	-	346,696.80		346,696.80		-
Energy Receipts Tax	-	337,632.00		337,632.00		-
Uniform Construction Code Fees	-	770,845.30		770,845.30		-
Interlocal Services Agreement - West Cape May - Police Protection	-	505,875.00		505,875.00		-
Cape May Point - Police Protection	-	305,708.00		305,708.00		-
Uniform Fire Safety Act	-	230,515.88		230,515.88		-
Utility Street Improvements	-	50,000.00		50,000.00		-
Reserve to Pay Debt Service	-	175,000.00		175,000.00		-
Miscellaneous Revenue Not Anticipated	-	176,087.80		176,087.80		-
	<u>\$ 11,162.50</u>	<u>7,354,116.53</u>	<u>60,999.61</u>	<u>7,304,279.42</u>		<u>-</u>

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:					
General Administration	\$ 28,417.73	28,417.73	5,233.68	23,184.05	-
Other Expenses					
Mayor and Council	2,498.72	2,498.72	276.57	2,222.15	-
Other Expenses					
City Clerk	360.97	360.97	354.14	6.83	-
Other Expenses					
Financial Administration	2,888.39	2,888.39	1,209.05	1,679.34	-
Other Expenses					
Assessment of Taxes	1,464.72	1,464.72	894.58	570.14	-
Other Expenses					
Collection of Taxes	3,169.36	3,169.36	353.03	2,816.33	-
Other Expenses					
Legal Services					
Other Expenses					
Miscellaneous Other Expenses	96,483.56	96,483.56	24,481.56	72,002.00	-
Engineering & Planning Services					
Other Expenses	14,823.56	20,323.56	20,110.96	212.60	-
Emergency Medical Services - Collection					
Contractual Expenses	1,788.10	1,788.10	1,130.66	657.44	-
INSURANCE					
Workers Compensation	17,122.35	3,122.35		3,122.35	-
Employee Group Health	534,057.05	530,057.05	246,731.73	283,325.32	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	17,982.98	17,982.98	2,128.32	15,854.66	-
Zoning Board of Adjustment					
Other Expenses	10,703.63	10,703.63	2,295.82	8,407.81	-
PUBLIC SAFETY					
Fire					
Other Expenses	6,190.77	6,190.77	6,059.69	131.08	-
Police					
Other Expenses	57,469.04	59,719.04	58,283.38	1,435.66	-
Emergency Management Services					
Other Expenses	4,836.73	4,836.73	4,827.90	8.83	-
Parking and Traffic Maintenance					
Other Expenses	9,677.90	9,677.90	30.67	9,647.23	-
Municipal Court					
Other Expenses	20,071.04	20,071.04	16,015.78	4,055.26	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>PUBLIC WORKS FUNCTION</b>					
Road Repair and Maintenance	92,344.35	92,344.35	27,357.17	64,987.18	-
Other Expenses					
Sanitary Landfill - Contractual	13,253.62	13,253.62	1,821.77	11,431.85	-
Other Expenses					
Recycling	51,332.37	51,332.37	13,454.20	37,878.17	-
Other Expenses					
Public Buildings and Grounds	63,660.61	63,660.61	50,188.31	13,472.30	-
Other Expenses					
Shade Tree Commission	4,449.38	5,449.38	4,970.54	478.84	-
Other Expenses					
<b>HEALTH AND HUMAN SERVICES</b>					
Uniform Fire Safety	8,238.38	8,238.38	7,293.05	945.33	-
Other Expenses					
<b>PARKS AND RECREATION</b>					
Civic Affairs	12,268.55	12,268.55	2,109.85	10,158.70	-
Other Expenses					
Historic Preservation Commission	12,853.50	12,853.50	3,975.00	8,878.50	-
Other Expenses					
Grants Coordinator	1,965.00	9,215.00	8,995.00	220.00	-
Other Expenses					
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code	5,909.88	5,909.88	3,452.59	2,457.29	-
Construction Official					
Other Expenses					
<b>UNCLASSIFIED</b>					
Celebration of Public Events, Anniversary or Holiday	8,972.00	8,972.00	1,534.10	7,437.90	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
General Office Operations	14,067.41	14,067.41	9,407.58	4,659.83	-
Street Lighting	21,505.37	23,505.37	23,024.80	480.57	-
Gas Lighting	12,170.94	12,170.94	4,749.63	7,421.31	-
Gas Lighting - Parts	3,152.00	3,152.00	2,936.00	216.00	-
All Other Accounts - No Change	398,221.35	398,221.35		398,221.35	-
	<u>\$ 1,554,371.31</u>	<u>1,554,371.31</u>	<u>555,687.11</u>	<u>998,684.20</u>	<u>-</u>

See Accompanying Auditor's Report



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

Balance December 31, 2019			
School Tax Payable	\$	(928,346.80)	
School Tax Deferred		928,346.80	
		<u>                    </u>	\$ -
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020			<u>1,886,377.00</u>
			1,886,377.00
Decreased by:			
Payments			<u>1,886,377.00</u>
Balance December 31, 2020			
School Tax Payable		(943,188.50)	
School Tax Deferred		943,188.50	
		<u>                    </u>	<u>                    </u>
			-
Current Year Liability for Local School District School Tax:			
Tax Paid			1,886,377.00
Tax Payable Ending			<u>(943,188.50)</u>
			943,188.50
Less: Deferred			(14,841.70)
Less: Tax Payable Beginning			<u>(928,346.80)</u>
Amount charged to Current Year Operations	\$		<u><u>1,886,377.00</u></u>

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

Balance December 31, 2019			
School Tax Payable	\$	(0.07)	
School Tax Deferred		<u>3,918,888.50</u>	
			\$ 3,918,888.43
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020			<u>7,088,242.00</u>
			11,007,130.43
Decreased by:			
Payments			<u>7,463,009.50</u>
Balance December 31, 2020			
School Tax Payable		(0.07)	
School Tax Deferred		<u>3,544,121.00</u>	
			<u><u>3,544,120.93</u></u>
Current Year Liability for Regional School District School Tax:			
Tax Paid			7,463,009.50
Tax Payable Ending			<u>(0.07)</u>
			7,463,009.43
Less: Deferred			
Less: Tax Payable Beginning			<u>(0.07)</u>
Amount charged to Current Year Operations			<u><u>\$ 7,463,009.50</u></u>

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

Purpose	Balance	Transferred	Received	Cancelled	Balance
	Dec. 31, 2019	From 2020			Dec. 31, 2020
	\$	Revenues			
<b>FEDERAL GRANTS:</b>					
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		125,000.00		50,000.00
Small Cities Grant - ADA Compliance Grant	72.64				72.64
Small Cities Grant - Water Trans Main	400,000.00				400,000.00
US Dept of Interior-Civil Rights-Library Project	-	500,000.00	30,000.00		470,000.00
NJDCA-Neighborhood Preservation Program COVID-19 Relief	-	105,000.00	105,000.00		-
<b>Total Federal</b>	<b>863,672.64</b>	<b>605,000.00</b>	<b>388,000.00</b>	<b>125,000.00</b>	<b>955,672.64</b>
<b>STATE GRANTS:</b>					
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	-
Hazard Mitigation Grant - Seawall Development Assistance	-	87,097.50			87,097.50
Hazard Mitigation Grant - Watershed Mgmt Plan	-	14,962.07			14,962.07
Clean Communities - 2020	-	18,289.93	18,289.93		-
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	880.00				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 2018	156,000.00		156,000.00		-
NJ Transportation Trust - FY 2019	160,000.00		88,750.00		71,250.00
NJ Transportation Trust - FY 2020	-	185,000.00			185,000.00

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

Purpose	Balance Dec. 31, 2019	Transferred From 2020 Revenues	Received	Cancelled	Balance Dec. 31, 2020
2019 NJ Transportation Trust Fund Authority-Reconstruc of PA Ave	200,000.00		200,000.00		-
DCA Neighborhood Preservation Program	100,000.00				100,000.00
2019 NJDEP-Green Acres-Lafayette Street Park Nature Trail	500,000.00				500,000.00
NJ Department of Environmental Protection - EV Charging Station	-	6,000.00			6,000.00
US Dept. of Homeland Security-Flood Mitigation	-	18,750.00			18,750.00
Sustainable Jersey 2020	-	10,000.00	5,000.00		5,000.00
NJDOT FY2021 Transportation Trust Fund	-	190,000.00			190,000.00
Total State	<u>1,974,811.78</u>	<u>530,099.50</u>	<u>468,039.93</u>	<u>136,386.68</u>	<u>1,900,484.67</u>
<b>OTHER GRANTS:</b>					
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
Total Other	<u>1,456,208.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,456,208.00</u>
\$	<u>4,294,692.42</u>	<u>1,135,099.50</u>	<u>856,039.93</u>	<u>261,386.68</u>	<u>4,312,365.31</u>

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

	Balance December 31, 2019		2020		Encumbrances	Cancelled	Balance Dec. 31, 2020
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
<b>FEDERAL GRANTS:</b>							
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				125,000.00		42,695.00
Small Cities Grant - ADA Compliance Grant	72.80						72.80
Small Cities Grant - Water Trans Main	400,000.00			400,000.00			-
US Dept of Interior-Civil Rights-Library Project	-		500,000.00		12,000.00		488,000.00
NJDCA-Neighborhood Preservation Program COVID-19 Relief	-		105,000.00	86,244.14	1,295.00		17,460.86
<b>Total Federal</b>	<b>836,205.63</b>	<b>-</b>	<b>605,000.00</b>	<b>739,244.14</b>	<b>13,295.00</b>	<b>125,000.00</b>	<b>563,666.49</b>
<b>STATE GRANTS:</b>							
Clean Communities - 2018	10,888.14	498.96		11,387.10			0.00
Clean Communities - 2019	20,284.05			2,928.87	2,151.68		15,203.50
Clean Communities - 2020	-		18,289.93				18,289.93
Solid Waste Management Grant - Prior	6,549.13						6,549.13
Solid Waste Management Grant - 2014	2,121.17						2,121.17
Recycling Tonnage	2,451.62	381.16		2,832.78			(0.00)
Recycling Tonnage - 2018	12,638.42			12,638.42			(0.00)
Recycling Tonnage - 2019	-		18,845.79	4,500.00	1,665.00		12,680.79
Recycling Tonnage - 2020	-		20,403.71	960.83			19,442.88
Special Legislative Grant - Convention Hall	14,412.00				14,412.00		-
Body Armor Grant	1,055.12						1,055.12
Body Armor Grant	-		2,501.97				2,501.97
Bulleproof Vest Grant - 2016	2,397.50						2,397.50
Housing Inspections	26,031.00						26,031.00
Housing Inspections	20,934.00						20,934.00
Housing Inspections	16,658.00						16,658.00
Housing Inspections	15,141.00						15,141.00
Housing Inspections - 2017	9,341.00			7,916.64			9,341.00
Housing Inspections - 2019	-		27,004.00				19,087.36
Alcohol Education and Rehabilitation	1,555.88						1,555.88
NJLPS COPS in Shops - 2015	1,200.00						1,200.00
Sustainable Jersey Small Cities	1,117.00						1,117.00
DOT FY2013 Transportation Trust Fund - CM Ave	52,783.00						52,783.00
2014 Hazard Mitigation Grant -Energy Allocation	100,000.00						100,000.00
2015 Hazard Mitigation Grant -Energy Allocation	100,000.00						100,000.00
Hazard Mitigation Grant - Seawall Development Assistance	-						-
Hazard Mitigation Grant - Watershed Mgmt Plan	-		87,097.50	45,346.00	41,751.50		-
NJDOT - 2015 Muni Aid CM Ave South Side	-		14,962.07				-
Transportation Trust Fund - CM Ave Phase III	40,034.46						14,962.07
Cops in Shops - 2016	31,248.11						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
Cops in Shops - 2018	3,960.00						3,960.00
NJDOT - Bikeway Expansion Project	350,000.00						350,000.00
2016 NJDEP Historic Preservation Office-Circuit Rider	65.00				65.00		-
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

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

	Balance December 31, 2019		2020		Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2020
	Appropriated	Reserve for Encumbrances	Appropriations					
2016 NJ Dept. of Transportation-FY 2016 Bikeway Program	250,000.00	-	-	-	-	-	-	250,000.00
NJ Transportation Trust - FY 2016	43,210.19	-	-	-	-	-	-	43,210.19
NJ Transportation Trust - FY 2018	0.00	2,433.82	-	-	-	-	-	2,433.82
NJ Transportation Trust - FY 2019	-	160,000.00	-	-	80,000.00	80,000.00	-	-
NJ Transportation Trust - FY 2020	-	-	185,000.00	-	164,938.85	185,000.00	35,061.15	(0.00)
2019 NJ Transportation Trust Fund Authority-Reconstruct of PA Ave	200,000.00	-	-	-	-	-	-	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
ANJEC-2017 Open Space Stewardship	1,500.00	-	-	-	-	-	-	1,500.00
DCA Neighborhood Preservation Program	112,605.00	5,070.00	-	-	7,675.00	30,000.00	-	80,000.00
2019 NJDEP-Green Acres-Lafayette Street Park Nature Trail	500,000.00	-	-	-	-	-	-	500,000.00
New Jersey Department of Environmental Protection	-	-	2,346.90	-	-	-	-	2,346.90
NJ Department of Environmental Protection - EV Charging Station	-	-	6,000.00	-	-	-	-	6,000.00
US Dept. of Homeland Security-Flood Mitigation	-	-	18,750.00	-	-	-	-	18,750.00
Sustainable Jersey 2020	-	-	10,000.00	-	-	-	-	10,000.00
NJDOT FY2021 Transportation Trust Fund	-	-	190,000.00	-	-	-	-	190,000.00
<b>Total State</b>	<b>2,029,139.79</b>	<b>168,383.94</b>	<b>601,201.87</b>	<b>-</b>	<b>341,124.49</b>	<b>375,629.33</b>	<b>150,976.00</b>	<b>1,930,995.78</b>
<b>OTHER GRANTS:</b>								
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	-	-	-	129,169.75	60,038.25	-	1,177,000.00
County Open Space - Columbia Ave Park	-	189,208.00	-	-	-	-	-	-
County Open Space - CM Stage	6,960.00	-	-	-	8,494.11	-	-	6,960.00
WaWa Foundation-Police Vest Grant 2019	8,500.00	-	-	-	44,827.40	55,172.60	-	5,89
Cape May-Soldiers and Sailors Park Improvements	-	100,000.00	-	-	-	-	-	-
<b>Total Other</b>	<b>1,318,618.81</b>	<b>289,208.00</b>	<b>-</b>	<b>-</b>	<b>182,491.26</b>	<b>115,210.85</b>	<b>-</b>	<b>1,310,124.70</b>
<b>\$</b>	<b>4,183,964.23</b>	<b>457,591.94</b>	<b>1,206,201.87</b>	<b>-</b>	<b>1,262,859.89</b>	<b>504,135.18</b>	<b>275,976.00</b>	<b>3,804,786.97</b>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred To 2020 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2020</u>
<b>FEDERAL GRANTS:</b>				
NJDCA-Neighborhood Preservation Program COVID-19 Relief	\$ -		1,000.00	1,000.00
<b>Total Federal</b>	<u>-</u>	<u>-</u>	<u>1,000.00</u>	<u>1,000.00</u>
<b>STATE GRANTS:</b>				
Housing Inspections	27,004.00	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		-
Body Armor-2019	-		2,094.76	2,094.76
Housing Inspections	-		9,237.00	9,237.00
2019 Emergency Management-EMAA Grant	-		10,000.00	10,000.00
Cops in Shops - 2020	-		2,249.92	2,249.92
<b>Total State</b>	<u>71,102.37</u>	<u>71,102.37</u>	<u>23,581.68</u>	<u>23,581.68</u>
<b>\$</b>	<u>71,102.37</u>	<u>71,102.37</u>	<u>24,581.68</u>	<u>24,581.68</u>

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

Balance December 31, 2019		\$	4,264.26
Increased By Receipts:			
Dog License Fees	1,022.50		
Late Fees	194.00		
State License Fees	217.20		
Interest Earned	19.80		
			<u>1,453.50</u>
			5,717.76
Decreased By Disbursements:			
Paid to State of NJ	229.20		
Statutory Excess due to Current Fund	1,629.29		
Dog Fund Expenditures	509.00		
			<u>2,367.49</u>
Balance December 31, 2020		\$	<u><u>3,350.27</u></u>



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

Balance December 31, 2019	\$	3,641,116.15
Increased By Receipts:		
Due to Current Fund	8.55	
Fire Safety	3,273.26	
Unemployment Contributions	45,132.46	
Retirement Contributions	70,563.57	
Lifeguard Pensions	71,183.18	
Police Forfeiture Account	6.55	
POAA Receipts	572.78	
Parking Escrow	31,937.11	
Fishermen's Memorial Account	170.33	
Police Off-Duty Account	80,259.32	
Neighborhood Revitalization	579.61	
Security Deposits	108.01	
DARE Receipts	2.18	
SCBG Loan	3,034.52	
Public Assistance	14.49	
Performance Bond	63,777.90	
Street Opening	17,119.59	
Flexible Spending	20,120.00	
Dellas Field	2.81	
COAH	317,941.87	
	<hr/>	<hr/>
		725,808.09
		<hr/>
		4,366,924.24
Decreased By Disbursements:		
Due to Current Fund	39.08	
COAH	104,217.69	
Unemployment	33,982.04	
Lifeguard Pensions	56,901.50	
Retirement Fund	117,631.73	
POAA	179.88	
Fishermen's Memorial Account	3,000.00	
Police Off-Duty Account	70,160.00	
Performance Bond	26,361.95	
Flexible Spending	16,835.20	
	<hr/>	<hr/>
		429,309.07
		<hr/>
Balance December 31, 2020	\$	<u><u>3,937,615.17</u></u>

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

Balance December 31, 2019		\$	2,618.17
Increased By:			
Dog Licenses Fees Collected	\$	1,022.50	
Late Fees Collected		194.00	
Interest Received		19.80	
			1,236.30
			3,854.47
Decreased By:			
Animal Control Expenditures		509.00	
Statutory Excess due to Current Fund		678.20	
			1,187.20
Balance December 31, 2020		\$	2,667.27

License Fees Collected	<u>Year</u>	
	2018	1,275.70
	2019	1,391.57
	\$	2,667.27

**TRUST - OTHER FUND**  
**STATEMENT OF DUE TO CURRENT FUND**

Balance December 31, 2019	\$	1,629.29
Increased By:		
Statutory Excess due to Current Fund		<u>678.20</u>
		2,307.49
Decreased By:		
Statutory Excess due to Current Fund		<u>1,629.29</u>
Balance December 31, 2020	\$	<u><u>678.20</u></u>

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

Balance December 31, 2019	\$	(16.80)
Increased by:		
Paid to State of New Jersey		<u>229.20</u>
		212.40
Decreased by:		
Licenses Issued in 2020		<u>217.20</u>
		217.20
Balance December 31, 2020	\$	<u><u>(4.80)</u></u>

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

Balance December 31, 2019		\$ 2,984,555.92
Increased by:		
Reserve for Open Space	222,000.00	
Capital Improvement Fund	250,000.00	
Budget Appropriation-Deferred Charge Unfunded	400,000.00	
Reserve to Pay Bonds	64,324.19	
Pool Ordinance 2014-283	125,000.00	
Due to Current Fund	25,000.00	
Due from Grant Fund	45,000.00	
		1,131,324.19
		4,115,880.11
Decreased by:		
Improvement Authorizations	702,866.92	
Reserve for Payment of Bonds	175,000.00	
Due to W/S Operating	15,000.00	
Due to Beach Operating	10,000.00	
		902,866.92
Balance December 31, 2020		\$ <u><u>3,213,013.19</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2019		Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
			Debt Issued		Improvement Authorizations	Miscellaneous	From	To	
			Miscellaneous						
Fund Balance	\$ 594,201.75								719,201.75
Capital Improvements Fund	339,301.00	125,000.00					99,290.00		490,011.00
Encumbrances Payable	1,067,177.47	250,000.00					1,067,177.47	1,213,984.13	1,213,984.13
Reserve for Payment of Bonds	1,182,880.77	64,324.19				175,000.00			1,072,204.96
Reserve for Open Space	2,608,569.00	222,000.00							2,830,569.00
Reserve Other - Mail 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				-
<b>Improvement Authorizations:</b>									
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	3,897.98								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 Mail	18.96								18.96
110-2007 Various Improvements	515.85								515.85
113-2007 Harborview Park	694.80								694.80
151-2008 Various Improvements	1,129.80								1,129.80
161-2008 Convention Hall	1,342.50								1,342.50
180-2009 Various Improvements	475.16								475.16
205-2010 Storm Water Collection	(26,881.65)	60,000.00							33,118.35
206-2010 Various Improvements	(63,606.78)	75,000.00							11,393.22
232-2011 Various Improvements	62,476.42								62,476.42
235-2011 ADA Improvements	1,586.84								1,586.84
252-2012 Various Improvements	35,629.85								36,403.62
263-2013 Acquisition of Open Space	(1,493,805.79)						773.77	3,500.00	(1,490,305.79)
269-2013 Various Improvements	329,935.11				25,000.00				304,935.11
270-2013 Various Improvements	(9,470.20)	10,000.00							529.80
279-2014 Various Improvements	351,644.57						9,120.00		281,644.57
283-2014 Pool Improvements	22,652.03								38,452.03
289-2015 Seawall Feasibility	22,243.23								22,243.23
292-2015 Various Improvements	(15,582.71)	70,000.00			7,828.62		80,844.95	54,333.00	20,076.72
302-2016 Various Improvements	4,461.78						126,974.46	136,569.30	14,056.62
306-2016 Various Improvements	(352,679.23)	185,000.00			1,260.00		94,330.68	160,076.47	(103,193.44)
311-2016 Improvements to Lafayette Street Park	403,822.87				239,375.96		251,909.00	379,799.00	292,337.31
315-2017 Various Improvements	(539,991.05)				6,805.65		15,410.00	61,372.56	(500,834.14)
343-2018 Preliminary Expenses for the Construction of a new Public Safety Building	5,991.56				10,010.35				(4,018.79)
352-2018 Various Improvements	(1,447,046.91)				160,995.63		31,416.00	254,953.37	(1,384,505.17)
384-2019 Franklin Street School Library	100,000.00				12,019.15				87,980.85
399-2020 Various Improvements	-				178,691.96		603,979.04	99,290.00	(683,381.00)
	\$ 2,984,555.92	\$ 1,131,324.19			\$ 702,866.92	\$ 200,000.00	\$ 2,380,451.60	\$ 2,380,451.60	\$ 3,213,013.19

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

Balance December 31, 2019		\$ 339,301.00
Increased by:		
Budget Appropriation	250,000.00	
	250,000.00	589,301.00
Decreased by:		
Improvement Authorizations Funded	99,290.00	
	99,290.00	490,011.00
Balance December 31, 2020		\$ <u>490,011.00</u>

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

Balance December 31, 2019		\$ 21,332,239.14
Increased by:		
None	-	
	<hr/>	<hr/>
		-
		21,332,239.14
Decreased by:		
Serial Bonds Paid	1,982,080.55	
Green Trust Loan Principal Paid	18,003.61	
NJEIT Bonds & Loans	20,969.66	
	<hr/>	<hr/>
		2,021,053.82
Balance December 31, 2020		\$ <u>19,311,185.32</u>

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

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Other	Budget Appropriation	Balance Dec. 31, 2020	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	15,970,000.00				15,970,000.00			15,970,000.00
205-2010	Storm Water Collection	60,000.00			60,000.00	-			-
206-2010	Storm Water Collection	75,000.00			75,000.00	-			-
232-2011	Various Improvements	25,000.00				25,000.00			25,000.00
232-2011	Various Improvements	2,055,484.97				2,055,484.97		1,490,305.79	565,179.18
263-2013	Acquisition of Open Space	10,000.00			10,000.00	-			-
270-2013	Storm Water Collection System	75,000.00				75,000.00			75,000.00
279-2014	Storm Water Collection System	185,000.00				185,000.00			185,000.00
289-2015	Seawall Feasibility	70,000.00			70,000.00	-			-
292-2015	Various Improvements	390,000.00			185,000.00	205,000.00		103,193.44	101,806.56
306-2016	Various Improvements	500,000.00				500,000.00			500,000.00
311-2016	Improvements to Lafayette Street Park	625,000.00				625,000.00		500,834.14	124,165.86
315-2017	Various Improvements		1,886,510.00						
343-2018	Preliminary Expenses for the Constuction of a new Public Safety Building	85,000.00				85,000.00		4,018.79	80,981.21
352-2018	Various Improvements	1,615,000.00				1,615,000.00		1,384,505.17	230,494.83
384-2019	Franklin Street School Library	1,900,000.00				1,900,000.00			1,900,000.00
399-2020	Various Improvements	-	1,886,510.00			1,886,510.00		683,381.00	1,203,129.00
		\$ 23,940,484.97	1,886,510.00	-	400,000.00	25,426,994.97	-	4,166,238.33	21,260,756.64



**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Authorizations		Paid or Charged	Balance December 31, 2020	
				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	3,897.98				3,897.98	300,000.00
1324	Property Acquisition	2/17/2004	1,100,000	15,970,000.00	61,332.52				61,332.52	15,970,000.00
28-2005	Various Improvements	5/17/2005	2,050,000		3,735.25				3,735.25	
72-2006	Entrance Way Improvements	8/15/2006	280,000		1,070.94				1,070.94	
79-2006	Various Improvements	10/17/2006	1,500,000		48,348.80				48,348.80	
104-2007	Washington Street Mall	5/15/2007	3,500,000		18.96				18.96	
110-2007	Various Improvements	6/19/2007	1,200,000		515.85				515.85	
113-2007	Harborview Park	7/17/2007	102,109		694.80				694.80	
151-2008	Various Improvements	5/20/2008	1,400,000		1,129.80				1,129.80	
161-2008	Construction of a New Convention Hall	8/19/2008	10,500,000		1,342.50				1,342.50	
180-2009	Various Improvements	5/19/2009	1,000,000		475.16				475.16	
205-2010	Storm Water Collection	5/18/2010	275,000			33,118.35				33,118.35
206-2010	Various Improvements	6/15/2010	1,500,000		11,393.22				11,393.22	
232-2011	Various Improvements	3/2/2011	1,500,000	25,000.00						25,000.00
235-2011	ADA Improvements	6/8/2011	500,000		1,586.84				1,586.84	
252-2012	Various Improvements	5/15/2012	2,080,000		35,629.85					
263-2013	Acquisition of Open Space	3/19/2013	3,400,000			561,679.18		(773.77)		
269-2013	Various Improvements	5/21/2013	1,900,000		329,935.11			25,000.00		565,179.18
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		351,644.57					75,000.00
283-2014	Pool Improvements	9/2/2014	1,000,000		22,652.03			70,000.00		
289-2015	Seawall Feasibility	2/17/2015	500,000		22,243.23			(15,800.00)		
292-2015	Various Improvements	5/19/2015	1,499,675	185,000.00						185,000.00
302-2016	Various Improvements	3/15/2016	375,000		4,461.78			34,340.57		
306-2016	Various Improvements	5/17/2016	3,000,000			37,320.77		(9,584.84)		101,806.56
311-2016	Improvements to Lafayette Street Park	11/14/2016	1,500,000		403,822.87			(64,485.79)		500,000.00
315-2017	Various Improvements	5/16/2017	3,000,000			85,008.95		(39,156.91)		124,165.86
343-2018	Preliminary Expenses for the Construction of a new Public Safety Building	3/20/2018	300,000		5,991.56			10,010.35		80,981.21
352-2018	Various Improvements	6/19/2018	1,700,000		167,953.09			(62,541.74)		230,494.83
384-2019	Franklin Street School Library	11/18/2019	2,000,000		100,000.00			12,019.15		1,900,000.00
399-2020	Various Improvements	6/16/2020	1,985,800				99,290.00	782,671.00		1,203,129.00
					\$	1,498,651.95	19,991,420.65	849,673.58	1,886,510.00	21,260,756.64

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
Storm Drainage Bonds of 1981	1/23/1981	2,097,000			\$	117,080.55		117,080.55	-
General Obligation Bonds of 2013	7/15/2013	10,700,000	7/15/2021	850,000.00	3.000%	7,140,000.00		800,000.00	6,340,000.00
			7/15/2022	920,000.00	3.000%				
			7/15/2023	920,000.00	3.250%				
			7/15/2024	920,000.00	3.500%				
			7/15/2025	920,000.00	4.000%				
General Obligation Bonds of 2014	6/17/2014	6,035,000	7/15/2021	530,000.00	3.000%	3,765,000.00		500,000.00	3,265,000.00
			7/15/2022	560,000.00	3.000%				
			7/15/2023	660,000.00	3.000%				
General Obligation Bonds of 2019	7/11/2019	10,155,000	2/1/2021	600,000.00	5.000%	10,155,000.00		565,000.00	9,590,000.00
			2/1/2022	650,000.00	5.000%				
			2/1/2023	700,000.00	5.000%				
			2/1/2024	750,000.00	5.000%				
			2/1/2025	800,000.00	5.000%				
			2/1/2026	850,000.00	5.000%				
			2/1/2027	930,000.00	4.000%				
			2/1/2028	980,000.00	3.000%				
			2/1/2029	1,050,000.00	2.250%				
			2/1/2030	1,150,000.00	3.000%				
		2/1/2031	1,130,000.00	3.000%					
<b>\$</b>						<b>21,177,080.55</b>	<b>-</b>	<b>1,982,080.55</b>	<b>19,195,000.00</b>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020	Date	Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
Harborview Park	11/3/2005	324,621			2.000%	\$ 113,597.44		18,003.61	95,593.83
<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>									
						<u>\$ 113,597.44</u>	<u>-</u>	<u>18,003.61</u>	<u>95,593.83</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
Various Capital Improvements NJ-EIT	10/17/2001	61,250	8/1/2021	4,900.00	4.750% \$	9,800.00		4,900.00	4,900.00
Various Capital Improvements NJ-EIT	10/17/2001	63,933	2/1/2021	74.84	None	6,751.45		3,450.52	3,300.93
			8/1/2021	3,226.09	None				
Various Capital Improvements NJ-EIT	10/17/2001	115,970	2/1/2021	114.28	None	10,309.70		5,269.14	5,040.56
			8/1/2021	4,926.28	None				
Various Capital Improvements NJ-EIT	10/17/2001	110,250	8/1/2021	7,350.00	4.750%	14,700.00		7,350.00	7,350.00
						\$ 41,561.15	-	20,969.66	20,591.49

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Budget Appropriation	Balance Dec. 31, 2020
1261	Property Acquisition	\$ 300,000.00				300,000.00
1264	Property Acquisition	15,970,000.00				15,970,000.00
205-2010	Storm Water Collection	60,000.00			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	10,000.00			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	70,000.00			70,000.00	
306-2016	Various Improvements	390,000.00			185,000.00	205,000.00
311-2016	Improvements to Lafayette Street Park	500,000.00				500,000.00
315-2017	Various Improvements	625,000.00				625,000.00
343-2018	Preliminary Expenses for the Constuction of a new Public Safety Building	-				-
352-2018	Various Improvements	85,000.00				85,000.00
384-2019	Franklin Street School Library	1,615,000.00				1,615,000.00
399-2020	Various Improvements	-	1,886,510.00			1,900,000.00
		<u>\$ 23,940,484.97</u>	<u>1,886,510.00</u>	<u>-</u>	<u>400,000.00</u>	<u>25,426,994.97</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2019	\$ 1,638,515.88	1,633,487.99
Increased by Receipts:		
Water and Sewer Rent Collected	6,449,470.42	
Reimbursements	61,748.09	
Capital Improvement Fund		10,000.00
Due from General Capital		15,000.00
Due from Current Fund	30,980.38	
Reserve for Debt Service	200,000.00	
Miscellaneous Revenue	119,677.97	
	<u>6,861,876.86</u>	<u>25,000.00</u>
	8,500,392.74	1,658,487.99
Decreased by Disbursements:		
Current Appropriations	6,775,665.69	
Appropriation Reserves	187,636.18	
Refund of Overpayments	2,777.00	
Improvement Authorizations		188,960.84
Reserve for Debt Service	670.75	200,000.00
Refund of Prior Year Revenue	3,902.09	
Due to Current Fund		388,960.84
	<u>6,970,651.71</u>	<u>388,960.84</u>
Balance December 31, 2020	\$ <u>1,529,741.03</u>	<u>1,269,527.15</u>

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

	Balance Dec. 31, 2019		Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2020
			Miscellaneous	Debt Issued		Miscellaneous	From	To		
\$	378,306.34									378,306.34
Fund Balance	150,000.00		10,000.00							160,000.00
Capital Improvement Fund	1,357,807.11									1,157,807.11
Reserve for Debt Service	(37,126.47)					200,000.00				(37,126.47)
NJEIT Loans Receivable	(407,006.00)									(407,006.00)
NJEIT Loans Receivable - 2018 A-1	(15,000.00)									(15,000.00)
NJEIT Loans Receivable - 1998	266,170.25									844,287.57
Encumbrances Payable	(15,000.00)		15,000.00					266,170.25		
Due from General Capital										-
<u>Improvement Authorizations:</u>										
1291 Various Utility Improvements	3,085.29									3,085.29
36-2005 Various Utility Improvements	(41,070.74)									(41,070.74)
61-2006 System Improvements	6,984.19									6,984.19
62-2006 System Improvements (USDA)	7,636.84									7,636.84
109-2007 System Improvements	7,007.17									7,007.17
149-2008 System Improvements	6,214.64									6,214.64
154-2008 System Improvements	13,024.66									13,024.66
155-2008 System Improvements	(312,395.11)									(312,395.11)
179-2009 System Improvements	98,907.16									98,907.16
207-2010 System Improvements	(21,041.87)									(21,041.87)
230-2011 System Improvements	372,135.84							152.00		372,287.84
250-2012 System Improvements	(75,665.04)							4,098.38		(71,566.66)
268-2013 System Improvements	(22,832.59)							19,212.06		(3,620.53)
281-2014 System Improvements	(85,447.77)							27,934.95		(57,512.82)
293-2015 System Improvements	(186,471.23)				30,454.13			48,558.51		(168,366.85)
298-2015 System Improvements	143,094.60				89,409.41			422.57		54,557.62
307-2016 System Improvements	2,037.79				5,935.05			1,353.00		68,930.09
316-2017 System Improvements	(66,304.40)				49,501.00			21,628.00		(65,950.40)
353-2018 System Improvements	106,437.33				13,061.25			421,516.00		(308,883.92)
398-2020 System Improvements	-				600.00			399,368.00		(399,968.00)
	<u>1,633,487.99</u>		<u>25,000.00</u>		<u>188,960.84</u>		<u>200,000.00</u>	<u>1,110,457.82</u>		<u>1,269,527.15</u>

See Accompanying Auditor's Report

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

Balance December 31, 2019		\$ 27,725.40
Increased by Receipts:		
Consumer Accounts Charges and Levies	6,396,355.38	
Adjustments	230,314.73	
Overpayments Created	36,506.01	
	<hr/>	<hr/>
		6,663,176.12
		6,690,901.52
Decreased by Disbursements:		
Collections	6,449,470.42	
Adjustments	12,304.76	
Overpayments Applied	26,224.75	
	<hr/>	<hr/>
		6,487,999.93
Balance December 31, 2020		\$ <u><u>202,901.59</u></u>

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

Balance December 31, 2019		\$ -
Increased by Receipts:		
None	-	
	<hr/>	<hr/>
		-
Decreased by Disbursements:		
None	-	
	<hr/>	<hr/>
		-
Balance December 31, 2020		\$ <u><u>-</u></u>



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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 21,888.83	21,888.83		21,888.83	-
Other Expenses	593,187.60	593,187.60	187,636.18	405,551.42	-
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	3,267.91	3,267.91		3,267.91	-
	<u>\$ 618,344.34</u>	<u>618,344.34</u>	<u>187,636.18</u>	<u>430,708.16</u>	<u>-</u>

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

Balance December 31, 2019		\$	188,654.80
Increased by:			
Budget Appropriations	164,562.50		
			164,562.50
			353,217.30
Decreased By:			
Payments of Debt Service Interest	188,654.80		
			188,654.80
Balance December 31, 2020		\$	164,562.50

Analysis of Accrued Interest December 31, 2020

Principal Outstanding December 31, 2020	Interest Rate	From	To	Days	Amount
15,590.00	5.00%	12/24/2020	12/31/2020	7	11.43
1,140,000.00	Var.	7/15/2020	12/31/2020	169	17,302.08
1,656,142.31	4.50%	12/15/2020	12/31/2020	16	3,076.76
1,000,322.57	4.25%	12/15/2020	12/31/2020	16	11,749.89
1,104,673.53	3.75%	2/1/2020	12/31/2020	334	6,874.25
1,237,234.35	3.75%	2/1/2020	12/31/2020	334	7,699.16
5,100.00	5.00%	10/17/2020	12/31/2020	75	100.94
7,650.00	5.00%	10/17/2020	12/31/2020	75	151.41
1,390,000.00	3.00%	7/15/2020	12/31/2020	169	19,112.50
1,475,087.93	4.50%	7/18/2020	12/31/2020	166	26,458.04
410,000.00	Var.	8/1/2020	12/31/2020	150	6,192.71
4,010,000.00	Var.	8/1/2020	12/31/2020	150	65,833.33
13,451,800.69					164,562.50

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Authorizations		Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2020	
				Funded	Unfunded	Other Funding	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		28,958.13						28,958.13
230-2011	System Improvements	3/22/2011	1,350,000	372,135.84	101,600.00			(152.00)		372,287.84	101,600.00
250-2012	System Improvements	5/15/2012	1,263,000		87,334.96			(4,098.38)			91,433.34
268-2013	System Improvements	5/21/2013	1,050,000		27,167.41			(19,212.06)			46,379.47
281-2014	System Improvements	6/2/2014	1,150,000		67,504.13			(27,934.95)			95,439.08
293-2015	System Improvements	5/19/2015	994,000		217,873.66			(18,104.38)			235,978.04
298-2015	System Improvements	12/15/2015	500,000	143,094.60	302,155.21			88,536.98		54,557.62	302,155.21
307-2016	System Improvements	5/17/2016	1,200,000	2,037.79				(66,892.30)		68,930.09	
316-2017	System Improvements	5/16/2017	769,000	-	2,695.60			(354.00)		-	3,049.60
353-2018	System Improvements	6/19/2018	1,019,000	106,437.33	404,000.00			415,321.25			95,116.08
398-2020	System Improvements	6/16/2020	1,270,000				1,270,000.00	399,968.00			870,032.00
				\$ 766,565.51	1,517,359.25	-	1,270,000.00	767,078.16		638,635.50	2,148,211.10

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
System Improvements	1/20/1981	1,903,000			\$	106,316.14		106,316.14	-
Improvement to Water Tower	6/24/1983	142,500	6/24/2021 6/24/2022	7,670.00 7,920.00	5.000% 5.000%	22,895.00		7,305.00	15,590.00
Various Capital Improvements	11/1/2008	3,630,000				150,000.00		150,000.00	-
Various Capital Improvements	7/15/2013	2,335,000	7/15/2021 7/15/2022 7/15/2023 7/15/2024 7/15/2025	210,000.00 240,000.00 260,000.00 280,000.00 150,000.00	3.00% 3.00% 3.25% 3.50% 4.00%	1,340,000.00		200,000.00	1,140,000.00
Various Capital Improvements	7/15/2014	2,700,000	7/15/2021 7/15/2022 7/15/2023 7/15/2024 7/15/2025	270,000.00 280,000.00 280,000.00 280,000.00 280,000.00	3.00% 3.00% 3.00% 3.00% 3.00%	1,650,000.00		260,000.00	1,390,000.00
Various Capital Improvements	7/11/2019	4,250,000	2/1/2021 2/1/2022 2/1/2023 2/1/2024 2/1/2025 2/1/2026 2/1/2027 2/1/2028 2/1/2029 2/1/2030 2/1/2031	260,000.00 280,000.00 300,000.00 320,000.00 340,000.00 360,000.00 380,000.00 400,000.00 440,000.00 450,000.00 480,000.00	5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 4.00% 3.00% 2.25% 3.00% 3.00%	4,250,000.00		240,000.00	4,010,000.00
					\$	7,519,211.14	-	963,621.14	6,555,590.00

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
Water Desalination USDA-FmHA	12/15/1998	2,500,000	2021	61,507.86	4.500%	1,714,973.01		58,830.70	1,656,142.31
			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	8/1/2021	5,100.00	4.750%	10,200.00		5,100.00	5,100.00
NJ-EIT	10/17/2001	66,542	2021	3,435.66	None	7,027.02		3,591.36	3,435.66
System Improvements NJ-EIT	10/17/2001	114,750	8/1/2021	7,650.00	4.750%	15,300.00		7,650.00	7,650.00
System Improvements NJ-EIT	10/17/2001	120,704	2021	5,246.30	None	10,730.51		5,484.21	5,246.30

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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	December 31, 2020	Amount	Rate					
System Improvements USDA	10/12/2007	1,200,000	4/12/21	10,075.15	4.250%	1,019,848.29	19,525.72	1,000,322.57			
			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%							
		4/12/43	25,413.38	4.250%							
		10/12/43	25,953.41	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	Increased	Decreased	Balance Dec. 31, 2020
			Date	December 31, 2020	Amount	Rate				
			4/12/44	26,504.92	4.250%					
			10/12/44	27,068.15	4.250%					
			4/12/45	27,643.35	4.250%					
			10/12/45	28,230.77	4.250%					
			4/12/46	28,830.68	4.250%					
			10/12/46	29,443.33	4.250%					
			4/12/47	30,069.00	4.250%					
			10/12/47	29,366.38	4.250%					
			4/27/21	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%					
System Improvements	10/27/2011	1,250,000								
USDA										
								18,648.63		
									1,104,673.53	

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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	December 31, 2020	Amount					
System Improvements USDA	10/27/2011	1,400,000	4/27/21	21,677.05	3.750%	1,258,120.81		20,886.46	1,237,234.35	
			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				Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020	Amount	Rate					
System Improvements USDA	7/18/2014	1,585,000	1/18/21	10,393.24	4.500%	1,495,267.04	20,179.11	1,475,087.93			
			7/18/21	10,601.11	4.500%						
			1/18/22	10,813.13	4.500%						
			7/18/22	11,029.39	4.500%						
			1/18/23	11,249.98	4.500%						
			7/18/23	11,474.98	4.500%						
			1/18/24	11,704.48	4.500%						
			7/18/24	11,938.57	4.500%						
			1/18/25	12,177.34	4.500%						
			7/18/25	12,420.89	4.500%						
			1/18/26	12,669.30	4.500%						
			7/18/26	12,922.69	4.500%						
			1/18/27	13,181.14	4.500%						
			7/18/27	13,444.77	4.500%						
			1/18/28	13,713.66	4.500%						
			7/18/28	13,987.93	4.500%						
			1/18/29	14,267.69	4.500%						
			7/18/29	14,553.05	4.500%						
			1/18/30	14,844.11	4.500%						
			7/18/30	15,140.99	4.500%						
			1/18/31	15,443.81	4.500%						
			7/18/31	15,752.69	4.500%						
			1/18/32	16,067.74	4.500%						
		7/18/32	16,389.09	4.500%							
		1/18/33	16,716.88	4.500%							
		7/18/33	17,051.21	4.500%							
		1/18/34	17,392.24	4.500%							
		7/18/34	17,740.08	4.500%							
		1/18/35	18,094.89	4.500%							
		7/18/35	18,456.78	4.500%							
		1/18/36	18,825.92	4.500%							
		7/18/36	19,202.44	4.500%							
		1/18/37	19,586.49	4.500%							
		7/18/37	19,978.22	4.500%							
		1/18/38	20,377.78	4.500%							
		7/18/38	20,785.34	4.500%							
		1/18/39	21,201.04	4.500%							
		7/18/39	21,625.06	4.500%							
		1/18/40	22,057.56	4.500%							
		7/18/40	22,498.72	4.500%							
		1/18/41	22,948.69	4.500%							
		7/18/41	23,407.66	4.500%							
		1/18/42	23,875.82	4.500%							
		7/18/42	24,353.33	4.500%							
		1/18/43	24,840.40	4.500%							
		7/18/43	25,337.21	4.500%							

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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	December 31, 2020	Amount	Rate					
			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							420,000.00		10,000.00	410,000.00	
NJ-EIT	5/22/2018	430,000	8/1/2021	10,000.00	5.000%						
			8/1/2022	10,000.00	5.000%						
			8/1/2023	10,000.00	5.000%						
			8/1/2024	10,000.00	5.000%						
			8/1/2025	10,000.00	5.000%						
			8/1/2026	10,000.00	5.000%						
			8/1/2027	10,000.00	5.000%						
			8/1/2028	10,000.00	3.000%						
			8/1/2029	15,000.00	3.000%						
			8/1/2030	15,000.00	3.000%						
			8/1/2031	15,000.00	3.000%						
			8/1/2032	15,000.00	3.125%						
			8/1/2033	15,000.00	3.125%						
			8/1/2034	15,000.00	3.250%						
			8/1/2035	15,000.00	3.250%						
			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%						
			8/1/2041	20,000.00	3.500%						
			8/1/2042	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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	December 31, 2020	Amount					
			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%					
			2/1/2021	14,078.06		1,182,557.68			1,140,323.49	
			8/1/2021	28,156.13				42,234.19		
			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						
			2/1/2039	14,078.06						
			8/1/2039	28,156.13						
			2/1/2040	14,078.06						
System Improvements	5/22/2018	1,252,948								
NJ-EIT										

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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
	8/1/2040		28,156.13						
	2/1/2041		14,078.06						
	8/1/2041		28,156.13						
	2/1/2042		14,078.06						
	8/1/2042		28,156.13						
	2/1/2043		14,078.06						
	8/1/2043		28,156.13						
	2/1/2044		14,078.06						
	8/1/2044		28,156.13						
	2/1/2045		14,078.06						
	8/1/2045		28,156.13						
	2/1/2046		14,078.06						
	8/1/2046		28,156.13						
	2/1/2047		14,078.06						
	8/1/2047		28,156.49						
						<u>8,257,346.52</u>	<u>-</u>	<u>212,130.38</u>	<u>8,045,216.14</u>

\$

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

Ordinance Number		Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Balance Dec. 31, 2020
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	404,000.00			404,000.00
398-2020	System Improvements	-	1,270,000.00		1,270,000.00
		<u>\$ 2,328,588.00</u>	<u>1,270,000.00</u>	<u>-</u>	<u>3,598,588.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2019	\$ 1,764,873.47	918,617.55
Increased by Receipts:		
Beach Rent Collected	2,680,652.00	
Miscellaneous Anticipated Revenue	11,088.59	
Miscellaneous Not Anticipated Revenue	264.00	
Due from General Capital		10,000.00
Due to Beach Operating		93.94
Capital Improvement Fund		10,000.00
	2,692,004.59	20,093.94
Decreased by Disbursements:		
Current Appropriations	2,208,149.45	
Appropriation Reserves	62,500.03	
Due from Current Fund	3.66	
Due from Beach Capital Improvement Authorizations	93.94	
	2,270,747.08	69,100.90
Balance December 31, 2020	\$ 2,186,130.98	869,610.59

**BEACH UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
	Dec. 31, 2019		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 121,924.62								121,924.62
Capital Improvement Fund	729,000.00	10,000.00					35,000.00		704,000.00
Reserve to Pay Bonds	73,904.38								73,904.38
Encumbrances Payable	48,663.07						48,663.07		31,976.00
Due from General Capital	(10,000.00)	10,000.00							-
Due from Beach Operating	(93.94)	93.94							-
<b>Improvement Authorizations:</b>									
29-2005 Various Utility Improvements	(3,531.41)								(3,531.41)
63-2006 Various Utility Improvements	818.12								818.12
108-2007 Various Utility Improvements	128.24								128.24
150-2008 Various Utility Improvements	715.64								715.64
178-2009 Various Beach Utility Improvements	(37,446.50)								(37,446.50)
188-2009 ADA Phase II	10,606.90								10,606.90
208-2010 Various Utility Improvements	35,720.26								35,720.26
231-2011 Various Utility Improvements	86,466.97								86,466.97
236-2011 Beach Replenishment	105,893.72							24,080.00	129,973.72
251-2012 Various Utility Improvements	(119,020.83)								(119,020.83)
267-2013 Various Beach Utility Improvements	(18,376.25)				29,618.00				(18,376.25)
280-2014 Various Beach Utility Improvements	(41,015.07)							20,653.00	(49,980.07)
294-2015 Various Beach Utility Improvements	78,471.17								78,471.17
310-2016 Various Beach Utility Improvements	(136,000.00)								(171,517.00)
314-2017 Various Beach Utility Improvements	22,297.46				35,517.00				22,261.63
354-2018 Various Beach Utility Improvements	(30,509.00)				3,965.90				(30,509.00)
397-2020 Beach Patrol 4WD Truck	-						31,976.00		3,024.00
	\$ 918,617.55	20,093.94	-	-	69,100.90	-	115,639.07	115,639.07	869,610.59

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 110,905.40	110,905.40		110,905.40	-
Other Expenses	119,155.46	119,155.46	64,100.03	55,055.43	-
Deferred Charges and Statutory Expenditures:					
Social Security System	9,353.17	9,353.17		9,353.17	-
	<u>\$ 239,414.03</u>	<u>239,414.03</u>	<u>64,100.03</u>	<u>175,314.00</u>	<u>-</u>



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

Balance December 31, 2019	\$	35,462.03
Increased by:		
Budget Appropriations		24,975.00
		24,975.00
		60,437.03
Decreased By:		
Payments of Debt Service Interest		35,462.03
		35,462.03
Balance December 31, 2020	\$	24,975.00

Analysis of Accrued Interest December 31, 2020

Principal Outstanding December 31, 2020	Interest Rate	From	To	Days	Amount
1,180,000.00	3.00%	7/15/2020	12/31/2020	165	16,225.00
700,000.00	3.00%	8/1/2020	12/31/2020	150	8,750.00
1,880,000.00					24,975.00

**BEACH UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2020	
				Funded	Unfunded				Funded	Unfunded
29-2005	Various Utility Improvements	5/17/2005	724,000	\$ 9,268.59					818.12	9,268.59
63-2006	Various Utility Improvements	5/16/2006	510,000	818.12					128.24	
108-2007	Various Utility Improvements	6/19/2007	180,000	128.24					715.64	
150-2008	Various Utility Improvements	5/20/2008	630,000	715.64						
178-2009	Various Beach Utility Improvements	5/19/2009	175,000	17,563.50						17,563.50
188-2009	ADA Phase II	9/15/2009	400,000	10,606.90					10,606.90	
208-2010	Various Utility Improvements	6/15/2010	215,000	35,720.26					35,720.26	
231-2011	Various Utility Improvements	3/22/2011	200,000	86,466.97					86,466.97	
236-2011	Beach Replenishment	7/5/2011	300,000	105,893.72				(24,080.00)	129,973.72	
251-2012	Various Utility Improvements	5/15/2012	300,000	30,979.17						30,979.17
267-2013	Various Beach Utility Improvements	5/21/2013	475,000	331,623.75						331,623.75
280-2014	Various Beach Utility Improvements	6/2/2014	165,000	23,984.93					78,471.17	15,019.93
294-2015	Various Beach Utility Improvements	5/19/2015	198,100	78,471.17						3,100.00
310-2016	Various Beach Utility Improvements	10/18/2016	300,000	164,000.00					22,261.63	128,483.00
314-2017	Various Beach Utility Improvements	5/16/2017	411,000	22,297.46						61,000.00
354-2018	Various Beach Utility Improvements	6/19/2018	393,000	362,491.00						362,491.00
397-2020	Beach Patrol 4WD Truck	6/16/2020	35,000	-		35,000.00			3,024.00	
				\$ 341,118.48	1,159,000.94	35,000.00	-	52,413.83	368,186.65	1,114,518.94
								Cash Disbursed	\$ 69,100.90	
								Encumbered	(16,687.07)	
									\$ 52,413.83	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
Various Capital Improvements	7/15/2014	2,005,000	7/15/2021	170,000.00	3.00%	1,340,000.00		160,000.00	1,180,000.00
			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	2/1/2021	70,000.00	5.00%	760,000.00		60,000.00	700,000.00
			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%				
						\$ 2,100,000.00	-	220,000.00	1,880,000.00

See Accompanying Auditor's Report

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

Ordinance Number		Balance	2020	Debt	Balance
		Dec. 31, 2019	Authorizations	Issued	Dec. 31, 2020
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	3,100.00			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>\$ 1,544,900.00</u>	<u>-</u>	<u>-</u>	<u>1,544,900.00</u>

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

		Operating Fund
Balance December 31, 2019	\$	1,058,765.52
Increased by Receipts:		
Tourism Fees		640,991.30
Reimbursements		-
Due to Security Deposit		5,600.00
Miscellaneous Revenue Not Anticipated		3,790.85
		650,382.15
		1,709,147.67
Decreased by Disbursements:		
Current Appropriations		488,110.04
Appropriation Reserves		36,353.36
Accounts Payable		80.00
Due to Security Deposit		5,200.00
		529,743.40
Balance December 31, 2020	\$	1,179,404.27

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 181.45	181.45		181.45	-
Other Expenses	161,578.44	161,578.44	36,353.36	125,225.08	-
	<u>\$ 161,759.89</u>	<u>161,759.89</u>	<u>36,353.36</u>	<u>125,406.53</u>	<u>-</u>

**CITY OF CAPE MAY**  
**PART II**  
**GENERAL COMMENTS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**





**CITY OF CAPE MAY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2020**

**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? | <b>No</b>            |
| 2) Significant Deficiencies?     | <b>None Reported</b> |

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 one finding relating to the financial statements – regulatory basis that are required to be reported. We have also 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.

Finding No. 2020-1: During 2020, six City employees were paid stipends from the City's Council on Affordable Housing Trust Fund. Personnel action forms were completed and approved for these employees however when the stipends were paid, they were not in accordance with the forms.

A corrective action plan is required for 2020.

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year audit findings.

## **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. Effective July 1, 2015, the bid threshold was \$40,000. However, effective July 1, 2020, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$44,000 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$44,000.

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:

- Cape Island Creek Transmission Main Rehabilitation Project
- Supply and Delivery of Removable Containers
- Supply of Electrical Maintenance Service and Repairs
- Supply of HVAC Service and Repairs
- Reconstruction of Pennsylvania Avenue, Phase 3 & 4
- Beach Concessions

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.

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 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Number</u>
2020	1
2019	1
2018	27

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 2020 and 2021 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
2020 \$	28,151,862.51	27,973,516.75	99.37%
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%

### Comparative Schedule of Tax Rate Information

	2020	2019	2018	2017	2016
Tax Rate \$	0.970	0.987	0.931	0.884	0.832
Apportionment of Tax Rate:					
Municipal	0.363	0.363	0.350	0.340	0.340
County	0.295	0.283	0.272	0.268	0.249
Local School	0.066	0.066	0.066	0.066	0.065
Regional School	0.246	0.275	0.243	0.210	0.178
Assessed Valuation	2,886,887,700	2,859,963,500	2,843,406,631	2,814,237,746	2,813,050,955

### 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
2020 \$	10,106.84	151,549.36	161,656.20	0.57%
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%

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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**

### **Finding #2020-1:**

During 2020, six City employees were paid stipends from the City's Council on Affordable Housing Trust fund. Personnel action forms were completed and approved for these employees however when the stipends were paid, they were not in accordance with the forms.

#### **Criteria:**

City policy requires an approved personnel action form prior to the payment of any City employee stipend or change to any current employees' salary.

#### **Condition:**

Personnel action forms were completed and approved prior to each employee receiving the stipend. However, a revised stipend calculation was made without an employee action form being resubmitted or approved.

#### **Cause:**

The personnel action forms were not reconciled to the payroll, to ensure all stipends and changes to current employee's salaries were approved.

#### **Effect:**

Six employees were paid \$314.99 more than the authorized stipend amount.

#### **Recommendation:**

We recommend that all stipends be allowable and that changes to salaries be approved prior to payment.

#### **Managements Response:**

The City has brought this matter to the attention of the New Jersey Department of Community Affairs as well as the Cape May County Prosecutor's Office. They are awaiting a decision as to whether employees will be required to return the COAH trust fund stipends.

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 30, 2021**