

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



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**BOROUGH OF WEST CAPE MAY**

**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2019**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Borough Commission  
Borough of West 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 Borough of West Cape May, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough'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 entity'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 entity'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 Borough of West 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 Borough of West Cape May as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2019 and 2018, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of West 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 relate 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, are 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 subjected 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 June 23, 2020, on our consideration of the Borough of West 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 Borough of West Cape May's internal control over financial reporting and compliance.

Very truly yours,

*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**

June 23, 2020

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**EXHIBIT - A  
CURRENT FUND**



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

	2019	2018
<b><u>ASSETS</u></b>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 762,388.98	465,836.86
Cash - Collector	1,253,502.76	1,287,428.13
Cash - Change	150.00	150.00
Total Cash	2,016,041.74	1,753,414.99
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	-	388.95
Total Other Receivables	-	388.95
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	110,940.08	113,367.91
Tax Title and Other Liens	170,381.66	156,177.38
Property Acquired for Taxes - at Assessed Valuation	349,700.00	26,300.00
Revenue Accounts Receivable	861.25	718.94
Interfund Receivable:		
General Capital Fund	-	95.87
Due from Sewer Operating	8,092.99	-
Due from Trust Other	2.13	-
Due from TTL	1.47	1.55
Due from POAA Trust	0.03	0.03
Due from Fire Dedicated Trust	0.53	1.93
Due from Liquor Trust	54.44	22.95
Due from Dog Fund	707.78	764.66
Total Receivables and Other Assets	640,742.36	297,451.22
Total Regular Fund	2,656,784.10	2,051,255.16
Federal and State Grant Fund:		
Cash	-	-
Due from Current Fund	161,481.03	29,099.61
Federal and State Grants Receivable	183,242.92	63,242.92
Total Federal and State Grant Fund	344,723.95	92,342.53
Total Current Fund	\$ 3,001,508.05	2,143,597.69

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2019</u>	<u>2018</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 288,716.75	179,697.32
Reserve for Encumbrances/Accounts Payable	53,959.95	31,652.21
Payroll Taxes Payable	-	-
Prepaid Taxes	133,946.29	109,002.44
Overpaid Taxes	42,293.35	26,408.56
Local School Tax Payable	98,833.31	19,569.40
Regional School Tax Payable	-	-
County Added Tax Payable	23,974.81	18,899.04
Due to State:		
Marriage Licenses	250.00	100.00
Senior Citizens' & Veterans's Ded	175.44	-
Interfund Payable:		
Trust Other	-	5,871.80
Grant Fund	161,481.03	29,099.61
General Capital	49,871.19	-
Unemployment Trust	534.73	534.73
Utility Operating - from Disbursement	-	2,360.00
Utility Operating - from General Account	-	134,694.15
Utility Capital	-	0.30
Other		
Reserve for Tax Map	4.78	4.78
Reserve for Storm Sewer Emergency	8,176.00	8,176.00
Reserve for Tax Sale Premiums	17,000.00	17,000.00
	<u>879,217.63</u>	<u>583,070.34</u>
Reserve for Receivables and Other Assets	640,742.36	297,451.22
Fund Balance	1,136,824.11	1,170,733.60
	<u>2,656,784.10</u>	<u>2,051,255.16</u>
Total Regular Fund		
Federal and State Grant Fund:		
Unappropriated Reserves	241.12	146.46
Appropriated Reserves	101,814.73	85,204.30
Encumbrances Payable	240,844.00	5,167.67
Due to Current Fund	-	-
Due to HUD	1,824.10	1,824.10
	<u>344,723.95</u>	<u>92,342.53</u>
Total Federal and State Grant Fund		
Total Current Fund	<u>\$ 3,001,508.05</u>	<u>2,143,597.69</u>

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

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized		
Fund Balance	\$ 536,000.00	481,500.00
Miscellaneous Revenue Anticipated	560,915.03	330,141.68
Receipts from Delinquent Taxes	113,882.20	140,447.96
Receipts from Current Taxes	6,132,297.71	6,036,130.29
Non Budget Revenue	120,515.20	89,467.15
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	178,294.81	210,918.29
Interfund Returned	828.21	34,056.70
2018 Emergency REHAB	-	674.50
Cancellation of PY receivable	2,360.00	-
Total Income	<u>7,645,093.16</u>	<u>7,323,336.57</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	560,920.00	543,662.00
Other Expenses	916,685.00	893,566.00
Deferred Charges & Statutory Expenditures	107,910.00	103,139.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	755,318.15	515,759.55
Capital Improvements	50,000.00	110,300.00
Debt Service	289,822.07	189,105.00
Deferred Charges	-	-
Local District School Tax	1,186,000.00	1,127,291.48
Regional District School Tax	1,790,603.50	1,771,697.00
County Tax	1,453,676.13	1,333,167.81
County Share of Added Tax	23,974.81	18,899.04
Interfund Created	8,092.99	2.01
Other:		
2018 Emergency REHAB	-	-
Total Expenditures	<u>7,143,002.65</u>	<u>6,606,588.89</u>
Excess in Revenue	<u>502,090.51</u>	<u>716,747.68</u>

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

	<u>2019</u>	<u>2018</u>
Statutory Excess to Fund Balance	<u>502,090.51</u>	<u>716,747.68</u>
Fund Balance January 1	<u>1,170,733.60</u>	<u>935,485.92</u>
	1,672,824.11	1,652,233.60
Decreased by:		
Utilization as Anticipated Revenue	<u>536,000.00</u>	<u>481,500.00</u>
Fund Balance December 31	<u>\$ <u>1,136,824.11</u></u>	<u>1,170,733.60</u>

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 536,000.00	-	-
Total Fund Balance Anticipated	536,000.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic	-	-	7,750.00
Other	33,500.00	-	40,488.50
Fines and Costs:			
Municipal Court	11,700.00	-	11,273.43
Interest and Costs on Taxes	26,000.00	-	24,201.95
Total Section A: Local Revenues	71,200.00	-	83,713.88
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	89,303.00	-	89,303.00
Total Section B: State Aid Without Offsetting Appropriations	89,303.00	-	89,303.00
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations :			
Recycling Tonnage Grant	1,534.07	-	1,534.07
Clean Communities	-	5,682.62	5,682.62
Alcohol Education and Rehabilitation Fund	146.46	-	146.46
NJ DOT - 2019 Municipal Aid Program	-	240,000.00	240,000.00
Emergency Management Performance Grant	-	10,000.00	10,000.00
Total Section F: Special Items - Public and Private Programs	1,680.53	255,682.62	257,363.15

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, 2019**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Cape May City Lease	40,536.00	-	(1.00)
Liquor License Trust Surplus	50,000.00	-	-
Reserve to Pay Bonds & Notes	40,000.00	-	-
Total Section G: Other Special Items	<u>130,536.00</u>	<u>-</u>	<u>(1.00)</u>
Total Miscellaneous Revenues:	<u>292,719.53</u>	<u>255,682.62</u>	<u>12,512.88</u>
Receipts from Delinquent Taxes	<u>120,000.00</u>	<u>-</u>	<u>(6,117.80)</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>1,762,569.63</u>	<u>-</u>	<u>246,462.77</u>
Local Tax for Municipal Purposes			
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>1,762,569.63</u>	<u>-</u>	<u>246,462.77</u>
Budget Totals	<u>2,711,289.16</u>	<u>255,682.62</u>	<u>252,857.85</u>
Non- Budget Revenues:			
Other Non- Budget Revenues:	<u>-</u>	<u>-</u>	<u>120,515.20</u>
	<u>2,711,289.16</u>	<u>255,682.62</u>	<u>373,373.05</u>

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, 2019**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 6,132,297.71

Less: Reserve for Tax Appeals Pending

Net Revenue from Collections 6,132,297.71

Allocated to:

School, County and Other Taxes 4,409,580.94

Balance for Support of Municipal Budget Appropriations 1,722,716.77

Increased by:

Appropriation "Reserved for Uncollected Taxes" 286,315.63

Amount for Support of Municipal Budget Appropriations 2,009,032.40

Receipts from Delinquent Taxes:

Delinquent Tax Collection 113,299.31

Tax Title Lien Collections 582.89

Total Receipts from Delinquent Taxes 113,882.20

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Cape May City Court - Interlocal	38,865.66
CASA Reimbursement	2,290.19
CMC Election Reimbursements	3,200.00
Comcast Franchise Fee	10,507.05
Conference Refund	390.00
Corrado Refund	100.00
Dunbar Refund	3,664.09
Disbursement Checks Cancelled	26,844.68
Film Festival Permit	150.00
Homestead Mailing	109.20
Interest on Investments	4,291.85
Insurance Refunds	678.00
JIF Refunds	3,644.42
Marriage License	48.00
Miscellaneous	2,072.02
Petty Cash Refund	140.00
Payroll Cancelled Checks	657.35
Photocopies	37.35
Postage Refund	43.45
Recycling Rebate	13.60
Sale of Fire Truck	898.00
Sr & Vet Admin Fee	196.29
Street Opening	7,825.00
Trailer Park	10,840.00
Vital Statistics	2,809.00
Wedding Fees	200.00

Total Miscellaneous Revenue Not Anticipated: 120,515.20

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>						
Director's Office						
Salaries and Wages	\$ 14,000.00	12,000.00	11,849.93	-	150.07	-
Other Expenses	4,000.00	4,000.00	-	-	4,000.00	-
<b>Fire</b>						
Other Expenses						
Miscellaneous Other Expenses	29,000.00	29,000.00	16,864.59	261.52	11,873.89	-
Aid to Vol Fire Company	55,000.00	55,000.00	25,759.26	28,462.34	778.40	-
<b>Police</b>						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Municipal Prosecutor						
Salaries and Wages	7,650.00	7,650.00	7,615.71	-	34.29	-
<b>Emergency Management Services</b>						
Salaries and Wages	6,800.00	6,800.00	5,486.46	-	1,313.54	-
Other Expenses	2,000.00	2,000.00	1,637.48	176.99	185.53	-
<b>Fire Safety Division</b>						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
<b>Board of Health</b>						
Other Expenses	200.00	200.00	-	-	200.00	-
<b>Dog Regulation</b>						
Other Expenses	6,500.00	6,500.00	4,118.00	-	2,382.00	-
<b>Municipal Court</b>						
Salaries and Wages	70,000.00	68,000.00	63,866.93	-	4,133.07	-
Other Expenses	11,000.00	11,000.00	912.25	1,078.40	9,009.35	-
<b>Public Defender</b>						
Salaries and Wages	4,600.00	4,600.00	4,548.44	-	51.56	-
<b>Celebration of Public Events, Anniversary, Holidays</b>						
Other Expenses	1,500.00	1,500.00	1,500.00	-	-	-
<b>Emergency Medical Services - Contractual</b>						
Public Employee Awards Program	65,000.00	65,000.00	50,191.87	-	14,808.13	-
(N.J.S.A. 40A:9-18)(N.J.S.A. 40A5-31)	200.00	200.00	-	-	200.00	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEPARTMENT OF REVENUE AND FINANCE</b>						
Director's Office						
Salaries and Wages	20,000.00	20,000.00	17,499.97	-	2,500.03	-
Other Expenses	10,000.00	4,000.00	2,589.89	1,008.40	401.71	-
Financial Administration						
Salaries and Wages	46,500.00	78,000.00	50,963.38	-	27,036.62	-
Other Expenses						
Audit Services	23,000.00	23,000.00	23,000.00	-	-	-
Miscellaneous Other Expenses	8,000.00	4,000.00	3,957.45	-	42.55	-
Borough Clerk						
Salaries and Wages	93,100.00	93,100.00	93,099.75	-	0.25	-
Other Expenses	16,000.00	16,000.00	10,995.99	-	5,004.01	-
Elections						
Other Expenses	4,000.00	4,000.00	3,542.26	-	457.74	-
Assessment of Taxes						
Salaries and Wages	15,900.00	15,900.00	14,999.97	-	900.03	-
Other Expenses	5,000.00	5,000.00	792.85	-	4,207.15	-
Collection of Taxes						
Salaries and Wages	55,500.00	53,500.00	49,081.46	-	4,418.54	-
Other Expenses	2,000.00	2,000.00	1,640.00	147.50	212.50	-
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	200.00	200.00	200.00	-	-	-
Legal Services and Costs						
Other Expenses	100,000.00	93,177.00	34,861.50	15,042.30	43,273.20	-
Municipal Land Use Law (NJSA 40:55D-1)						
Planning & Zoning Board						
Salaries and Wages	12,000.00	4,670.00	3,473.52	-	1,196.48	-
Other Expenses	4,000.00	11,330.00	8,780.79	-	2,549.21	-
Code Enforcement Officer						
Salaries and Wages	14,000.00	8,000.00	7,709.32	-	290.68	-
Other Expenses	500.00	500.00	-	-	500.00	-
Zoning Officer						
Salaries and Wages	40,500.00	40,500.00	38,689.68	-	1,810.32	-
Other Expenses	500.00	500.00	100.00	-	400.00	-
Grant Coordinator						
Contractual	10,000.00	4,000.00	3,575.00	-	425.00	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
General Liability	23,389.00	23,389.00	19,187.57	-	4,201.43	-
Workers Compensation Insurance	51,689.00	51,689.00	43,496.43	-	8,192.57	-
Employee Group Health	171,000.00	171,000.00	106,981.75	-	64,018.25	-
Historic Preservation						
Other Expenses	1,500.00	1,500.00	294.00	-	1,206.00	-
Construction Code Enforcement						
Other Expenses	3,000.00	2,000.00	1,470.00	-	530.00	-
<b>DEPARTMENT OF PUBLIC WORKS, PARKS AND RECREATION</b>						
Director's Office						
Salaries and Wages	18,000.00	18,000.00	17,499.97	-	500.03	-
Other Expenses	2,000.00	2,000.00	1,757.08	238.72	4.20	-
Public Buildings and Grounds						
Other Expenses	36,500.00	36,500.00	31,130.97	2,297.96	3,071.07	-
Road Repairs and Maintenance						
Salaries and Wages	90,000.00	90,000.00	90,000.00	-	-	-
Other Expenses	11,000.00	11,000.00	3,599.94	3,168.09	4,231.97	-
Engineering						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Recreation						
Other Expenses	300.00	300.00	-	-	300.00	-
Garbage and Trash Removal						
Other Expenses	110,000.00	110,000.00	107,382.04	-	2,617.96	-
Recycling						
Salaries and Wages	40,000.00	40,000.00	22,719.78	-	17,280.22	-
Other Expenses	9,500.00	9,500.00	640.61	-	8,859.39	-
Environmental Commission (NJS 40:56A-1, et seq.)						
Other Expenses	500.00	500.00	-	-	500.00	-
Shade Tree Commission						
Other Expenses	500.00	500.00	-	-	500.00	-
Parks and Playgrounds						
Other Expenses	500.00	500.00	-	-	500.00	-
<b>General Office</b>						
Other Expenses	41,000.00	41,000.00	39,782.28	1,209.49	8.23	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	45,000.00	45,000.00	26,892.89	-	18,107.11	-
Street Lighting	28,000.00	28,000.00	28,000.00	-	-	-
Telephone	19,000.00	19,000.00	18,131.76	868.24	0.00	-
Fuel Oil & Gasoline	12,000.00	12,000.00	6,317.10	-	5,682.90	-
Postage	8,000.00	8,000.00	8,000.00	-	-	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>1,481,928.00</b>	<b>1,477,605.00</b>	<b>1,137,187.87</b>	<b>53,959.95</b>	<b>286,457.18</b>	<b>-</b>
Contingent	-	-	-	-	-	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>1,481,928.00</b>	<b>1,477,605.00</b>	<b>1,137,187.87</b>	<b>53,959.95</b>	<b>286,457.18</b>	<b>-</b>
Detail:						
Salaries and Wages	548,750.00	560,920.00	499,104.27	-	61,815.73	-
Other Expenses	933,178.00	916,685.00	638,083.60	53,959.95	224,641.45	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	60,410.00	60,410.00	60,410.00	-	-	-
Social Security System (O.A.S.I.)	42,000.00	42,000.00	41,062.80	-	937.20	-
Unemployment Compensation Insurance	3,000.00	3,000.00	2,977.77	-	22.23	-
Defined Contribution Retirement Program	2,500.00	2,500.00	1,199.86	-	1,300.14	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>107,910.00</b>	<b>107,910.00</b>	<b>105,650.43</b>	<b>-</b>	<b>2,259.57</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>1,589,838.00</b>	<b>1,585,515.00</b>	<b>1,242,838.30</b>	<b>53,959.95</b>	<b>288,716.75</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Interlocal Municipal Service Agreements						
Cape May City Interlocal Services Agreements	495,955.00	495,955.00	495,955.00	-	-	-
Police Protection Contractual						
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>495,955.00</b>	<b>495,955.00</b>	<b>495,955.00</b>	<b>-</b>	<b>-</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, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(A) Public and Private Programs Off-Set by Revenues					
Recycling Tonnage Grant	1,534.07	1,534.07	1,534.07	-	-
NJ DOT - 2019 Municipal Aid Program	-	240,000.00	240,000.00	-	-
Clean Communities	-	5,682.62	5,682.62	-	-
Emergency Management Performance Grant	-	10,000.00	10,000.00	-	-
Alcohol Education and Rehabilitation Fund	146.46	146.46	146.46	-	-
Matching Funds for Grants	2,000.00	2,000.00	2,000.00	-	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>3,680.53</b>	<b>259,363.15</b>	<b>259,363.15</b>	<b>-</b>	<b>-</b>
Total Operations - Excluded from "CAPS"	499,635.53	755,318.15	755,318.15	-	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	499,635.53	755,318.15	755,318.15	-	-
(C) Capital Improvements					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	-
Fire Trucks	-	-	-	-	-
<b>Total Capital Improvements</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>
(D) Debt Service					
Payment of Bond Anticipation Notes	200,000.00	200,000.00	200,000.00	-	-
Interest on Notes	85,500.00	89,823.00	89,822.07	-	0.93
<b>Total Debt Service</b>	<b>285,500.00</b>	<b>289,823.00</b>	<b>289,822.07</b>	<b>-</b>	<b>0.93</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<b>835,135.53</b>	<b>1,095,141.15</b>	<b>1,095,140.22</b>	<b>-</b>	<b>0.93</b>
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<b>2,424,973.53</b>	<b>2,680,656.15</b>	<b>2,337,978.52</b>	<b>53,959.95</b>	<b>288,716.75</b>
(M) Reserve for Uncollected Taxes	286,315.63	286,315.63	286,315.63	-	-
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 2,711,289.16</b>	<b>2,966,971.78</b>	<b>2,624,294.15</b>	<b>53,959.95</b>	<b>288,716.75</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, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Budget		2,711,289.16			0.93
Appropriations by 40A:4-87		255,682.62		Cancelled	-
Emergency Appropriations		-		Overexpended	-
		<u>2,966,971.78</u>			<u>0.93</u>
Reserve for Uncollected Taxes			286,315.63		
Federal and State Grants			259,363.15		
Deferred Charges			-		
Capital Improvement Fund			-		
Due to Water-Sewer Operating - Health Insurance			-		
Disbursements			2,078,615.37		
			<u>2,624,294.15</u>		

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**EXHIBIT - B**  
**TRUST FUND**



**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2019	2018
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 2,152.58	2,264.06
	2,152.58	2,264.06
<u>Other Funds</u>		
Cash and Investments	1,744,251.81	1,222,956.17
Due from Current Fund:		
Unemployment Compensation	534.73	534.73
Other Trust Account - (Due from Disbursement)	9.34	5,881.14
	1,744,795.88	1,229,372.04
	\$ 1,746,948.46	1,231,636.10

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

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

<u>Liabilities, Reserves and Fund Balance</u>	<u>2019</u>	<u>2018</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 1,444.80	1,499.40
Due to Current Fund	707.78	764.66
	<u>2,152.58</u>	<u>2,264.06</u>
<u>Other Funds</u>		
Due to Current Fund - Other Trust	11.47	9.34
Due to Current Fund - Liquor License	54.44	22.95
Due to Current Fund - Fire Dedicated Trust	0.53	1.93
Due to Current Fund - TTL Redemption	1.47	1.55
Due to Current Fund - POAA	0.03	0.03
Due to Sewer Operating (TTL)	650.00	-
Reserve for Unemployment Compensation	534.73	534.73
Reserve for Site Plan Escrow	84,187.13	90,646.63
Reserve for TTL Premium	7,601.00	31,401.00
Reserve for TTL Redemption	24,682.79	20,180.69
Reserve for POAA Trust	393.01	391.01
Reserve for COAH	687,686.48	582,927.04
Reserve for Liquor License	776,124.43	346,124.43
Reserve for Fire Dedicated Trust	7,500.10	6,500.10
Reserve for Farmers Market	22,575.24	34,091.08
Reserve for Wilbraham Park	16,225.34	15,213.81
Reserve for Lima Bean Festival	50,189.60	44,286.03
Reserve for Jersey Tomato	25,511.92	25,970.82
Reserve for Shade Tree	4,939.43	9,193.72
Reserve for Environmental Trust	24,693.96	19,730.91
Reserve for Christmas Parade	11,232.78	2,144.24
	<u>1,744,795.88</u>	<u>1,229,372.04</u>
	<u>\$ 1,746,948.46</u>	<u>1,231,636.10</u>

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

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



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

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 1,819,535.60	1,478,097.93
Deferred Charges to Future Taxation -		
Funded	3,700,000.00	-
Unfunded	212,222.00	2,916,798.00
Interfunds and Receivables		
Due from Current Fund	49,871.19	-
	<u>5,781,628.79</u>	<u>4,394,895.93</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	96,769.86	391,008.19
Interfunds:		
Due to Current Fund	-	95.87
Due to Water Sewer Capital	800.00	-
Bond Anticipation Notes Payable	120,000.00	2,850,000.00
Serial Bonds Payable	3,700,000.00	-
Improvement Authorizations:		
Funded	1,542,606.51	72,990.23
Unfunded	78,434.29	920,719.46
Reserve for Capital Projects	535.28	535.28
Reserve for Wilbraham Park	5,000.00	5,000.00
Reserve to Pay Notes - 2019 Bond Sale Premium	129,431.95	-
Reserve to Pay Notes - Other	93,398.51	133,398.51
Capital Improvement Fund	-	6,496.00
Fund Balance	14,652.39	14,652.39
	<u>\$ 5,781,628.79</u>	<u>4,394,895.93</u>

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

2018	66,798.00
2019	92,222.00

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

	<u>2019</u>	<u>2018</u>
Beginning Balance January 1	\$ 14,652.39	202.39
Increased by:		
Premium on BANS	-	14,450.00
Ending Balance December 31	<u>\$ 14,652.39</u>	<u>14,652.39</u>

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



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

	2019	2018
<b>ASSETS</b>		
Operating Fund:		
Cash	\$ 475,277.07	330,387.97
Due from Current (Health Insurance)	-	134,694.15
Due from Vendor (Eurofins) (Disbursement)	-	2,360.00
Due from TTL	650.00	-
	475,927.07	467,442.12
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	31,843.36	32,139.42
Utility Liens	823.16	-
	32,666.52	32,139.42
Total Operating Fund	508,593.59	499,581.54
Capital Fund:		
Cash	788,987.60	810,477.75
USDA Grant Receivable	595.33	595.33
Fixed Capital - Completed	5,012,475.00	5,012,475.00
Fixed Capital - Authorized and Uncompleted	3,233,000.00	3,233,000.00
Due from Current Fund	-	0.30
Due from General Capital Fund	800.00	-
Total Capital Fund	9,035,857.93	9,056,548.38
	\$ 9,544,451.52	9,556,129.92

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2019</u>	<u>2018</u>
Operating Fund:		
Appropriation Reserves	\$ 3,660.08	139,897.71
Reserve for Encumbrances	10,426.23	8,850.97
Due to Current (Payroll)	8,092.99	92.99
Utility Overpayments	6,805.43	2,191.98
Utility Prepayments	-	7,842.32
Accrued Interest on Bonds and Notes	34,747.83	35,359.59
	<u>63,732.56</u>	<u>194,235.56</u>
Reserve for Receivables	32,666.52	32,139.42
Fund Balance	412,194.51	273,206.56
	<u>508,593.59</u>	<u>499,581.54</u>
Capital Fund:		
Encumbrance Payable	-	2,410.25
USDA Bonds/Loans Payable	3,577,358.27	3,644,175.56
Improvement Authorizations:		
Funded	800.00	-
Unfunded	169,851.93	188,932.13
Reserve for Amortization	4,653,316.73	4,586,499.44
Deferred Reserve for Amortization	9,000.00	9,000.00
Capital Improvement Fund	110,000.00	110,000.00
Reserve for Debt Service	137,854.00	137,854.00
Reserve for USDA Receivable	377,452.00	377,452.00
Fund Balance	225.00	225.00
	<u>9,035,857.93</u>	<u>9,056,548.38</u>
	<u>\$ 9,544,451.52</u>	<u>9,556,129.92</u>

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

2018	5,800.00
2019	5,800.00

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

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized		
Fund Balance	\$ 51,800.00	176,268.75
Water Rents	479,546.50	476,572.16
Sewer Rents	563,535.89	564,276.36
Miscellaneous Revenue Not Anticipated	2,854.12	422.63
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	140,713.68	387.58
Total Income	<u>1,238,450.19</u>	<u>1,217,927.48</u>
Expenditures		
Operations	848,000.00	847,635.00
Debt Service	188,502.24	264,510.07
Statutory Expenses	8,000.00	57,268.75
Deferred Charge	800.00	-
Cancellation of Prior Year Receivable	2,360.00	-
Total Expenditures	<u>1,047,662.24</u>	<u>1,169,413.82</u>
Excess in Revenue	<u>190,787.95</u>	<u>48,513.66</u>
Excess in Operations	<u>190,787.95</u>	<u>48,513.66</u>
Fund Balance January 1	<u>273,206.56</u>	<u>400,961.65</u>
	463,994.51	449,475.31
Decreased by:		
Utilization as Anticipated Revenue	<u>51,800.00</u>	<u>176,268.75</u>
Fund Balance December 31	<u>\$ 412,194.51</u>	<u>273,206.56</u>

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

	2019	2018
Beginning Balance January 1	\$ 225.00	225.00
Ending Balance December 31	\$ <u>225.00</u>	<u>225.00</u>

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

	Anticipated Budget	Realized	Excess or (Deficit)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Surplus Anticipated	\$ 51,800.00	51,800.00	-
Water Rents	470,000.00	479,546.50	9,546.50
Sewer Rents	525,000.00	563,535.89	38,535.89
Miscellaneous	-	2,854.12	2,854.12
	<u>\$ 1,046,800.00</u>	<u>1,097,736.51</u>	<u>50,936.51</u>

## Analysis of Realized Revenue:

## Rents

Consumer Accounts Receivable:  
Current Collections

1,039,853.52

1,039,853.52

## Miscellaneous Revenue

Miscellaneous

2,854.12

2,854.12

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 118,000.00	118,000.00	118,000.00	-	-
Other Expenses	730,000.00	730,000.00	715,913.69	10,426.23	3,660.08
	<u>848,000.00</u>	<u>848,000.00</u>	<u>833,913.69</u>	<u>10,426.23</u>	<u>3,660.08</u>
Debt Service:					
USDA Principal & Interest	190,000.00	190,000.00	188,502.24	-	1,497.76
	<u>190,000.00</u>	<u>190,000.00</u>	<u>188,502.24</u>	<u>-</u>	<u>1,497.76</u>
Deferred Charges and Statutory Expenditures:					
Social Security System	8,000.00	8,000.00	8,000.00	-	-
DCFT - Ord# 171-91	800.00	800.00	800.00	-	-
	<u>8,800.00</u>	<u>8,800.00</u>	<u>8,800.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,046,800.00</u>	<u>1,046,800.00</u>	<u>1,031,215.93</u>	<u>10,426.23</u>	<u>3,660.08</u>
<b>Statement of Expenditures:</b>					
Accrued Interest on Bonds			34,747.83		Over expended
Deferred Charge			-		
Due to Current - Social Security			-		
Disbursed			<u>996,468.10</u>		Canceled
			<u>1,031,215.93</u>		<u>1,497.76</u>
					<u>1,497.76</u>

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

**EXHIBIT - E**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**



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

	<u>2019</u>	<u>2018</u>
<u>General Fixed Assets</u>		
Land	\$ 341,726.00	341,726.00
Buildings and Site Improvements	2,114,490.00	1,713,522.00
Machinery and Equipment	1,517,988.00	1,547,763.00
	<u>3,974,204.00</u>	<u>3,603,011.00</u>
 Investment in General Fixed Assets	 3,974,204.00	 3,603,011.00
	<u>\$ 3,974,204.00</u>	<u>3,603,011.00</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**



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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

**B. Description of Funds**

The accounting policies of the Borough of West 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 Borough of West 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 water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

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.

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

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 Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund, in addition the receivables for Water and Sewer utility billings are recorded with offsetting reserves in the Water and Sewer Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough 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 Water and Sewer 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 Borough 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.

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.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately. Property and equipment purchased by the Water and Sewer Utility Fund is 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 Water and Sewer utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Water and Sewer 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 school and county 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 Borough of West Cape May to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten-day grace period.

Levy of Water and Sewer Utility Charges – The Borough operates a Water and Sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Sewer Charges are billed quarterly and due on February 15<sup>th</sup>, May 15<sup>th</sup>, August 15<sup>th</sup>, and November 15<sup>th</sup>.

Interest on Delinquent Water and Sewer Utility Charges -- It is the policy of the Borough to collect interest for the nonpayment of Water and Sewer utility charges on or before the date when they would become delinquent. The Water and Sewer 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.

Capitalization of Interest -- It is the policy of the Borough of West Cape May to treat interest on projects as a current expense and the interest is included in both the current and Water and Sewer utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the regulatory 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.

### **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.

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

**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 Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**F. Recent Accounting Pronouncements Not Yet Effective**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, may have an effect on the Borough's financial reporting.

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

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

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

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

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 and 2018 statutory budgets included a reserve for uncollected taxes in the amount of \$286,315.63 and \$270,572.65. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 and 2018 statutory budgets was \$536,000.00 and \$481,500.00. In addition, the Borough operates a self-liquidating Water and Sewer utility. Under New Jersey Statutes a separate budget for the Water and Sewer utility must be adopted concurrently with the operating budget of the Borough. The Water and Sewer utility budget 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 2019 and 2018 statutory budgets was \$51,800.00 and \$176,268.75.

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

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 Borough Commission. There were significant budget transfers approved in the 2019 but not in the 2018 calendar year.

<b>Department</b>	<b>Appropriation</b>	<b>2019</b>
Borough Clerk		
	Salaries & Wages	-
Code Officer		
	Salaries & Wages	(6,000.00)
Public Affairs		
	Salaries & Wages	(2,000.00)
Grant Coordinator		
	Other Expenses	(6,000.00)
Construction Code		
	Other Expenses	(1,000.00)
Revenue & Finance		
	Other Expenses	(6,000.00)
Financial Admin		
	Salaries & Wages	31,500.00
	Other Expenses	(4,000.00)
Tax Collector		
	Salaries & Wages	(2,000.00)
Legal		
	Other Expenses	(6,823.00)
Planning Board		
	Salaries & Wages	-
Municipal Court		
	Salaries & Wages	(2,000.00)
Note Interest		4,323.00

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2019, the Borough's Commission approved total budget insertions of \$255,682.62. The Borough's Commission approved total budget insertions in the amount of \$8,120.67 during the 2018 calendar year. The following schedule details the significant budget insertions:

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
Clean Communities	\$ 5,682.62	5,120.67
NJ DOT - 2019 Municipal Aid Program	240,000.00	-
NJ Forest Service Community Forestry Program		3,000.00
Emergency Management Performance Grant	10,000.00	-

The Borough 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. The Governing Body did not approve any emergency authorizations in 2019.

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

**NOTE 3: INVESTMENTS**

As of December 31, 2019, and 2018, the municipality had no investments.

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

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

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

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2019, \$1,784,983.87 of the government’s bank balance of \$6,889,167.71 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, 2019 and 2018:

	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land	\$ 341,726.00	-	-	341,726.00
Building and Site Improvements	1,680,401.00	-	33,121.00	1,713,522.00
Equipment and Machinery	1,783,077.30	95,974.00	(331,288.30)	1,547,763.00
	<u>\$ 3,805,204.30</u>	<u>95,974.00</u>	<u>(298,167.30)</u>	<u>3,603,011.00</u>
	Balance 12/31/2018	Additions	Retirements/ Adjustments	Balance 12/31/2019
Land	\$ 341,726.00	-	-	341,726.00
Building and Site Improvements	1,713,522.00	25,545.00	375,423.00	2,114,490.00
Equipment and Machinery	1,547,763.00	99,163.00	(128,938.00)	1,517,988.00
	<u>\$ 3,603,011.00</u>	<u>124,708.00</u>	<u>246,485.00</u>	<u>3,974,204.00</u>

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

**NOTE 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/17	Issued	Retired	Balance 12/31/18
Bond Anticipation				
Notes payable:				
General	\$ 775,000.00	2,850,000.00	775,000.00	\$ 2,850,000.00
Utility	75,000.00		75,000.00	-
	<u>\$ 850,000.00</u>	<u>2,850,000.00</u>	<u>850,000.00</u>	<u>\$ 2,850,000.00</u>
	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation				
Notes payable:				
General	<u>\$ 2,850,000.00</u>	<u>2,650,000.00</u>	<u>5,380,000.00</u>	<u>\$ 120,000.00</u>
	<u>\$ 2,850,000.00</u>	<u>2,650,000.00</u>	<u>5,380,000.00</u>	<u>\$ 120,000.00</u>

The General note was issued on 09/19/19 in the amount of \$120,000.00 and is due and payable on 09/18/20 with interest at 1.50%. As of December 31, 2019, the Borough has authorized but not issued bonds in the amount of \$92,222.00 and \$5,800.00 in the General Capital Fund and Water and Sewer Utility Capital Fund respectively.

**NOTE 7: LONG TERM DEBT**

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

	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds payable:					
General	\$ -	-	-	-	-
Utility	3,708,631.41	-	64,455.85	3,644,175.56	65,321.68
Total	<u>\$ 3,708,631.41</u>	<u>-</u>	<u>64,455.85</u>	<u>3,644,175.56</u>	<u>65,321.68</u>
Other liabilities:					
Compensated					
Absences Payable	<u>\$ 27,549.40</u>	<u>11,612.26</u>	<u>5,914.53</u>	<u>33,247.13</u>	<u>-</u>
Total long-term liabilities	<u>\$ 3,736,180.81</u>	<u>11,612.26</u>	<u>70,370.38</u>	<u>3,677,422.69</u>	<u>65,321.68</u>
	Balance 12/31/18	Issued	Retired	Balance 12/31/2019	Amounts Due Within One Year
Bonds payable:					
General	\$ -	3,700,000.00	-	3,700,000.00	220,000.00
Utility	3,644,175.56	-	66,817.29	3,577,358.27	67,081.70
Total	<u>\$ 3,644,175.56</u>	<u>3,700,000.00</u>	<u>66,817.29</u>	<u>7,277,358.27</u>	<u>287,081.70</u>
Other liabilities:					
Compensated					
Absences Payable	<u>\$ 33,247.13</u>	<u>13,097.85</u>	<u>3,417.77</u>	<u>42,927.21</u>	<u>-</u>
Total long-term liabilities	<u>\$ 3,677,422.69</u>	<u>3,713,097.85</u>	<u>70,235.06</u>	<u>7,320,285.48</u>	<u>287,081.70</u>

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

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

At December 31, 2019, there were no loans payable in the General Capital Fund.

\$3,700,000.00 General Obligation Bonds dated October 29, 2019, due in annual installments through October 15, 2029, bearing interest at variable rates. The balance remaining as of December 31, 2019 is \$3,700,000.00.

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

\$293,200.00 FMHA Loan dated December 5, 1991, due in semiannual installments through December 2032, bearing interest at 5%. The balance remaining as of December 31, 2019 is \$129,434.92.

\$576,000.00 USDA Loan dated October 29, 2004, due in semiannual installments through December 2044, bearing interest at 4.5%. The balance remaining as of December 31, 2019 is \$464,744.38.

\$924,000.00 USDA Loan dated January 22, 2009, due in semiannual installments through July 2049, bearing interest at 4.125%. The balance remaining as of December 31, 2019 is \$803,531.53.

\$2,260,000.00 USDA Loan dated March 28, 2017, due in semiannual installments through July 2057, bearing interest at 2.75%. The balance remaining as of December 31, 2019 is \$2,179,647.44.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2020	220,000.00	94,188.89	67,801.70	121,312.30
2021	280,000.00	93,600.00	70,273.74	118,840.26
2022	400,000.00	88,000.00	72,841.56	116,272.44
2023	400,000.00	76,000.00	75,509.07	113,604.93
2024	400,000.00	68,000.00	78,280.38	110,833.62
2025-2029	2,000,000.00	204,000.00	436,912.39	508,657.61
2030-2034	-	-	488,664.66	422,468.86
2035-2039	-	-	525,357.05	335,092.95
2040-2044	-	-	624,245.90	235,267.54
2045-2049	-	-	538,543.60	132,591.89
2050-2054	-	-	405,521.48	62,078.52
2055-2057	-	-	193,406.74	39,771.56
	<u>3,700,000.00</u>	<u>623,788.89</u>	<u>3,577,358.27</u>	<u>2,316,792.48</u>

As of December 31, 2019, the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$89,822.07 and to the Water and Sewer Utility budget was \$188,502.24.

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

<u>Summary of Municipal Debt</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 3,820,000.00	\$ 2,850,000.00	\$ 775,000.00
Utility - Bonds and Notes	3,577,358.27	3,644,175.56	3,783,631.41
Total Issued	<u>7,397,358.27</u>	<u>6,494,175.56</u>	<u>4,558,631.41</u>
Less :			
Funds Temporarily Held to Pay Bonds and Notes			
General	93,398.51	133,398.51	150,000.00
Self-Liquidating	137,854.00	137,854.00	137,854.00
Total Deductions	<u>231,252.51</u>	<u>271,252.51</u>	<u>287,854.00</u>
Net Debt Issued	<u>7,166,105.76</u>	<u>6,222,923.05</u>	<u>4,270,777.41</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	92,222.00	66,798.00	28,702.00
Utility - Bonds and Notes	5,800.00	5,800.00	5,800.00
Total Authorized But Not Issued	<u>98,022.00</u>	<u>72,598.00</u>	<u>34,502.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 7,264,127.76</u>	<u>\$ 6,295,521.05</u>	<u>\$ 4,305,279.41</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 .702%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
Regional School District Debt	570,832.54	570,832.54	-
Utility Debt	3,583,158.27	3,583,158.27	-
General Debt	3,912,222.00	222,830.46	3,689,391.54
	<u>8,066,212.81</u>	<u>4,376,821.27</u>	<u>3,689,391.54</u>

Net Debt \$3,689,391.54 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,  
\$525,866,026.33=.702%

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

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

2 1/2 % of Equalized Valuation Basis ( Municipal)	\$	13,146,651.00
Net Debt		3,689,391.54
Remaining Borrowing Power	\$	<u>9,457,259.46</u>

The Borough of West Cape May School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

**NOTE 8: FUND BALANCES APPROPRIATED**

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

	<u>2019</u>	<u>2018</u>
Current Fund	\$536,000.00	536,000.00
Water/Sewer Utility	154,000.00	51,800.00

As of the date of this audit, the Borough has adopted their 2019 municipal budget and the amount of fund balance appropriated for 2019 is approved. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit.

**NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the Borough did not have any deferred charges shown on the balance sheets of various funds.

**NOTE 10: 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>School Tax Balance 12/31/2019</u>	<u>School Tax Balance 12/31/2018</u>
School Tax Payable - Local School	\$ -	\$ -
School Tax Payable - Regional School	-	-
School Tax Deferred - Local School Payable	691,833.31	612,569.40
School Tax Deferred - Regional School Payable	917,637.26	917,637.26
School Tax Deferred - Local School	593,000.00	593,000.00
School Tax Deferred - Regional School	917,637.26	917,637.26
Tax Payable	<u>\$ 98,833.31</u>	<u>\$ 19,569.40</u>

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

**NOTE 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/19	Balance 12/31/18
Prepaid Taxes	\$ 133,946.29	\$ 109,002.44
Cash Liability for Taxes Collected in Advance	\$ 133,946.29	\$ 109,002.44

**NOTE 12: PENSION FUNDS**

Description of Plans

Substantially all of the Borough's employees participate in the Public Employees' Retirement System (PERS) 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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.34% through June 30, 2018 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.21% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2019, 2018, and 2017 were \$60,410.00, \$58,438.79, and \$54,043.98.

The total payroll for the year ended December 31, 2019, 2018 and 2017 was \$667,842.76, \$640,736.63, and \$576,351.29. Payroll covered by PERS was \$539,071.00, \$490,031.00, and \$429,520.00.

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

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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.

**NOTE 13: PENSION LIABILITIES**

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

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

**Public Employees' Retirement System**

The Municipality has a liability of \$1,121,782.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Municipality's proportion would be 0.00622572850%, which would be an increase of 3.35% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$90,185.00. At December 31, 2019, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 20,135.00	\$ (4,956.00)
Changes of assumptions	112,014.00	(389,367.00)
Changes in proportion	70,469	(9,469.00)
Net difference between projected and actual earnings on pension plan investments	-	(17,708.00)
Total	<u>\$ 202,618.00</u>	<u>\$ (421,500.00)</u>

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

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

Year ended June 30,		
2020	\$	(25,332.18)
2021		(82,177.13)
2022		(73,379.39)
2023		(34,455.40)
2024		(3,537.90)
Total	\$	<u>(218,882.00)</u>

**Actuarial Assumptions**

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

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

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

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

*Discount Rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Municipality's proportionate share of the net pension liability	\$ 1,346,324.41	\$ 1,121,782.00	\$ 932,793.09

*Pension plan fiduciary net position.*

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

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

The Borough has permitted employees to accrue unused sick, vacation, personal, and comp time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2019, the Borough estimates this liability to approximate \$42,927.21 based on 2019 pay rates and compensated absence balances. At December 31, 2018, the liability was \$33,247.13. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Borough does not accrue the liability.

**NOTE 15: ECONOMIC DEPENDENCY**

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

**NOTE 16: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Borough maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2019 and 2018 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough 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 Borough 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 Borough has a general liability limit of \$50,000 under JIF, which increases to \$1,000,000 under MEL.

**NOTE 17: CONTINGENT LIABILITIES**

From time to time, the Borough is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Borough'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, 2019 AND 2018**

**NOTE 18: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2019, the following inter-funds were included on the balance sheets of the various funds of the Borough of West Cape May:

	Due From	Due To
Current Fund:		
Grant Fund	\$ -	161,481.03
Dog Fund	707.78	-
Trust - Other	2.13	-
Trust - Liquor	54.44	-
Trust - Fire Dedicated Trust	0.53	-
Trust - POAA	0.03	-
Trust - TTL	1.47	-
Utility Operating	8,092.99	-
General Capital	-	49,871.19
Trust - Unemployment	-	534.73
Grant Fund:		
Current Fund	161,481.03	-
General Capital Fund:		
Current Fund	49,871.19	-
Utility Capital	-	800.00
Utility Operating Fund:		
Trust - TTL	650.00	-
Current Fund	-	8,092.99
Utility Capital Fund:		
General Capital	800.00	-
Trust Other Fund:		
Current Fund	-	2.13
Trust - Liquor License		
Current Fund	-	54.44
Trust - Fire Dedicated Trust		
Current Fund	-	0.53
Dog Trust Fund :		
Current Fund	-	707.78
POAA Trust Fund:		
Current Fund	-	0.03
Trust - Tax Title Lien		
Current Fund	-	1.47
Utility Operating	-	650.00
Unemployment Trust Fund :		
Current Fund	534.73	-

The \$161,481.03 due to the Grant fund from the Current fund is due to the fact that there is only one bank account for the Current Fund and the Grant Fund.

The inter-fund that exists between the Current and Unemployment Trust Fund is due to there not being a physical bank account set-up for the Unemployment Trust Fund. Therefore, the inter-fund will exist until the money is transferred to a new bank account.

A majority of the remaining inter-funds are a result of interest earned during the calendar year that was not transferred to the Current Fund prior to year-end.

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

**NOTE 19: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through June 23, 2020, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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## **SUPPLEMENTARY INFORMATION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Borough Commission  
Borough of West Cape May  
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 23, 2020, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 have not been identified. We did identify certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies as item 2019-1.

## **Compliance and Other Matters**

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

## **Borough's Response to Findings**

The Borough's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

*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**

June 23, 2020

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2018	\$ 465,836.86	-
Increased by Receipts:		
Tax Collector	6,296,830.43	-
Miscellaneous Revenue Anticipated	238,814.93	-
Miscellaneous Revenue Not Anticipated	124,121.46	-
Homestead Rebates	35,287.96	-
Payroll Deductions Payable	1,024,938.45	-
Return of Petty Cash Fund	150.00	-
Due to State - Marriage Licenses	400.00	-
Due from TTL	33.03	-
Due to Grant Fund	137,457.81	-
Due from State - Senior Citizens & Vets	9,814.39	-
Due from Dog Fund	766.70	-
Due from Trust - Other	116.50	-
Due from Liquor Trust	50,556.50	-
Due from Fire Dedicated Trust	6.76	-
Due from General Capital	790.44	-
Due from POAA Trust	0.32	-
Due from Current Fund	-	7,076.39
Federal and State Unallocated	-	1,775.19
Federal and State Receivables	-	135,682.62
	<u>7,920,085.68</u>	<u>144,534.20</u>
	8,385,922.54	144,534.20
Decreased by Disbursements:		
Current Year Appropriation	1,988,080.37	-
Prior Year Appropriations	33,054.72	-
County Taxes	1,453,676.13	-
Local District School Taxes	1,106,736.09	-
Regional School Taxes	1,790,603.50	-
County Taxes - Added	18,899.04	-
Return of Change Cash Fund	150.00	-
Payroll Deductions Paid	1,024,870.22	-
Due to TTL	32.95	-
Due from Liquor Trust	50,587.99	-
Due from Fire Dedicated Trust	5.36	-
Due from POAA Trust	0.32	-
Due from General Capital	823.38	-
Due from Utility Operating	142,694.15	-
Due from Utility Capital	0.30	-
Due to State - Marriage Licenses	250.00	-
Due to Dog Fund	2.22	-
Due to Grant Fund	7,076.39	-
Due to Trust - Other	5,990.43	-
Due to Current Fund	-	137,457.81
Federal and State Disbursements	-	7,076.39
	<u>7,623,533.56</u>	<u>144,534.20</u>
Balance December 31, 2019	\$ <u><u>762,388.98</u></u>	<u><u>-</u></u>

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

Balance December 31, 2018		\$ 1,287,428.13
Increased by Receipts:		
Prepaid Taxes	133,946.29	
Taxes Receivable	6,104,173.93	
Overpayments Received		
Revenue Accounts Receivable	24,201.95	
Tax Title and Other Liens	582.89	
	<hr/>	<hr/>
		6,262,905.06
		7,550,333.19
Payments to Treasurer		<hr/>
		6,296,830.43
Balance December 31, 2019		\$ <u><u>1,253,502.76</u></u>

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

Year	Balance Dec. 31, 2018	Current Year Levy	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2019
			2018	2019			
2016 \$	6.42	-	-	-	-	-	6.42
2017	30.55	-	-	-	-	-	30.55
2018	113,330.94	-	-	113,299.31	-	-	31.63
	113,367.91	-	-	113,299.31	-	-	68.60
2019	-	6,235,385.98	23,974.81	109,002.44	6,023,295.27	1,404.43	14,787.17
\$	113,367.91	6,235,385.98	23,974.81	109,002.44	6,136,594.58	1,404.43	110,940.08

Analysis of Current Year Tax Levy

<u>Tax Yield:</u>	
General Property Tax	6,235,385.98
Added Taxes (54:4-63.1 et. Seq.)	23,974.81
	<u>6,259,360.79</u>
<u>Tax Levy:</u>	
General County Taxes	1,453,676.13
County Added and Omitted Taxes	23,974.81
Total County Taxes	<u>1,477,650.94</u>
Local School District Tax	1,186,000.00
Additional Local School District Tax	-
Regional School District Tax	1,745,930.00
Local Tax for Municipal Purposes	1,762,569.63
Add: Additional Tax Levied	<u>87,210.22</u>
	<u>1,849,779.85</u>
	<u>6,259,360.79</u>

Cash Receipts  
 Homestead Rebate  
 Senior Citizens and Veterans  
 Overpayments applied

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

Balance December 31, 2018		\$ 156,177.38
Increased by:		
Transfers from Taxes Receivable	14,787.17	
Interest and Costs Accrued by Sale of December 9, 2019	-	
		14,787.17
		170,964.55
Decreased by:		
Collections	582.89	
		582.89
Balance December 31, 2019		\$ <u><u>170,381.66</u></u>



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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>DEPARTMENT OF PUBLIC AFFAIRS AND SAFETY</b>					
Director's Office					
Salaries and Wages	\$ 448.62	448.62	-	448.62	-
Other Expenses	2,000.00	2,000.00	-	2,000.00	-
<b>Fire</b>					
Other Expenses					
Miscellaneous Other Expenses	2,336.80	2,336.80	-	2,336.80	-
Aid to Volunteer Fire Company	24,372.61	24,372.61	-	24,372.61	-
<b>Police</b>					
Salaries and Wages	100.00	100.00	-	100.00	-
Other Expenses	100.00	100.00	-	100.00	-
<b>Municipal Prosecutor</b>					
Salaries and Wages	331.30	331.30	-	331.30	-
<b>Emergency Management Services</b>					
Salaries and Wages	591.81	591.81	-	591.81	-
Other Expenses	1,688.65	1,688.65	-	1,688.65	-
<b>Fire Safety Division</b>					
Salaries and Wages	100.00	100.00	-	100.00	-
Other Expenses	100.00	100.00	-	100.00	-
<b>Board of Health</b>					
Other Expenses	200.00	200.00	-	200.00	-
<b>Dog Regulation</b>					
Other Expenses	5,090.40	5,090.40	-	5,090.40	-
<b>Municipal Court</b>					
Salaries and Wages	70.18	70.18	-	70.18	-
Other Expenses	5,658.27	5,658.27	-	5,658.27	-
<b>Public Defender</b>					
Salaries and Wages	40.70	40.70	-	40.70	-
<b>Celebration of Public Events, Anniversary, Holidays</b>					
Other Expenses	850.00	850.00	-	850.00	-
<b>Emergency Medical Services - Contractual</b>					
Public Employee Awards Program	13,801.17	13,801.17	13,801.17	-	-
(NJSA 40A:9-18) (NJSA 40A:5-31)	200.00	200.00	-	200.00	-

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>DEPARTMENT OF REVENUE AND FINANCE</b>					
Director's Office					
Salaries and Wages	397.37	397.37	-	397.37	-
Other Expenses	2,404.62	2,404.62	486.16	1,918.46	-
Financial Administration					
Salaries and Wages	8,088.10	8,088.10	-	8,088.10	-
Other Expenses					
Miscellaneous Other Expenses	496.91	496.91	-	496.91	-
Borough Clerk					
Salaries and Wages	3.52	3.52	-	3.52	-
Other Expenses	1,973.00	1,973.00	-	1,973.00	-
Elections					
Other Expenses	575.96	575.96	-	575.96	-
Assessment of Taxes					
Salaries and Wages	2,227.89	2,227.89	-	2,227.89	-
Other Expenses	2,835.80	2,835.80	786.75	2,049.05	-
Collection of Taxes					
Salaries and Wages	0.26	0.26	-	0.26	-
Other Expenses	1,603.00	1,603.00	-	1,603.00	-
Liquidation of Tax Title Liens & Foreclosed Property					
Other Expenses	200.00	200.00	-	200.00	-
Legal Services and Costs					
Other Expenses	41,116.50	41,116.50	4,630.00	36,486.50	-
Planning and Zoning Board					
Salaries and Wages	3,315.02	3,315.02	-	3,315.02	-
Other Expenses	3,102.75	3,102.75	-	3,102.75	-
Code Enforcement Officer					
Salaries and Wages	6,350.03	6,350.03	-	6,350.03	-
Other Expenses	500.00	500.00	-	500.00	-
Zoning Officer					
Salaries and Wages	2,640.11	2,640.11	-	2,640.11	-
Other Expenses	400.00	400.00	-	400.00	-
Grant Coordinator					
Contractual	2,480.00	2,480.00	-	2,480.00	-

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>DEPARTMENT OF REVENUE AND FINANCE</b>					
Insurance					
General Liability	2,188.62	2,188.62	-	2,188.62	-
Workers Compensation Insurance	3,687.38	3,687.38	-	3,687.38	-
Historic Preservation					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Construction Code Enforcement					
Other Expenses	1,049.86	1,049.86	-	1,049.86	-
<b>DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY</b>					
Director's Office					
Other Expenses	328.93	328.93	18.17	310.76	-
Public Building and Grounds					
Other Expenses	8,654.24	8,654.24	4,488.01	4,166.23	-
Road Repairs and Maintenance					
Other Expenses	5,932.85	5,932.85	409.00	5,523.85	-
Engineering					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Recreation					
Other Expenses	300.00	300.00	-	300.00	-
Garbage and Trash Removal					
Other Expenses	1,009.18	1,009.18	-	1,009.18	-
Recycling					
Salaries and Wages	4,583.81	4,583.81	-	4,583.81	-
Other Expenses	8,263.05	8,263.05	4,013.44	4,249.61	-
Environmental Commission (NJS 40:56A-1, et seq.)					
Other Expenses	500.00	500.00	-	500.00	-
Shade Tree Commission					
Other Expenses	500.00	500.00	-	500.00	-
Parks and Playgrounds					
Other Expenses	500.00	500.00	-	500.00	-
<b>UNCLASSIFIED</b>					
General Office Operations					
Other Expenses	3,043.57	3,043.57	-	3,043.57	-

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	18,930.82	18,930.82	4,078.06	14,852.76	-
Street Lighting	3,815.88	3,815.88	-	3,815.88	-
Telephone	1,299.65	1,299.65	186.85	1,112.80	-
Fuel Oil & Gasoline	2,357.90	2,357.90	157.11	2,200.79	-
Postage	2,000.00	2,000.00	-	2,000.00	-
<b>STATUTORY EXPENDITURES</b>					
Contributions to:					
Social Security System (O.A.S.I.)	718.61	718.61	-	718.61	-
Unemployment Compensation Insurance	281.31	281.31	-	281.31	-
Defined Contribution Retirement Program	612.52	612.52	-	612.52	-
	<u>\$ 211,349.53</u>	<u>211,349.53</u>	<u>33,054.72</u>	<u>178,294.81</u>	<u>-</u>

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

Balance December 31, 2018			
School Tax Payable	\$	19,569.40	
School Tax Deferred		<u>593,000.00</u>	
			\$ 612,569.40
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>1,186,000.00</u>
			1,798,569.40
Decreased by:			
Payments			<u>1,106,736.09</u>
Balance December 31, 2019			
School Tax Payable		98,833.31	
School Tax Deferred		<u>593,000.00</u>	
			<u><u>691,833.31</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,106,736.09
Tax Payable Ending			<u>98,833.31</u>
			1,205,569.40
Less: Tax Payable Beginning			<u>19,569.40</u>
Amount charged to Current Year Operations			<u><u>\$ 1,186,000.00</u></u>

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

Balance December 31, 2018			
School Tax Payable	\$	-	
School Tax Deferred		917,637.26	
		917,637.26	\$ 917,637.26
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			1,745,930.00
			2,663,567.26
Decreased by:			
Adjustment of the Payable			
Payments			1,790,603.50
			1,790,603.50
Balance December 31, 2019			
School Tax Payable		-	
School Tax Deferred		872,963.76	
		872,963.76	872,963.76
Current Year Liability for Local School District School Tax:			
Tax Paid			1,790,603.50
Tax Payable Ending			-
			1,790,603.50
Less: Tax Payable Beginning			-
			-
Amount charged to Current Year Operations			\$ 1,790,603.50

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

Purpose	Balance Dec. 31, 2018	Transferred From 2018 Revenues	Received	Adjustments	Balance Dec. 31, 2019
<b>STATE GRANTS:</b>					
Clean Communities - 2019-20	-	5,682.62	5,682.62	-	-
DOT Bike Path Grant - 2012-13	22,721.00	-	-	-	22,721.00
DOT Bike Path Grant - 2014-15	9,957.70	-	-	-	9,957.70
DOT Bike Path Grant - 2015-16	26,447.00	-	-	-	26,447.00
DOT Learning Avenue - 2019-20	-	240,000.00	120,000.00	-	120,000.00
NJ Forest Service Community Forestry Program - 2018-19	3,000.00	-	-	-	3,000.00
Title NJ Law and Public Safety Grant 2019-2020	-	10,000.00	10,000.00	-	-
ANJEC Open Space Stewardship - 2016	1,000.00	-	-	-	1,000.00
Recycling Tonnage - 2012-2013	117.22	-	-	-	117.22
<b>Total State</b>	<u>63,242.92</u>	<u>255,682.62</u>	<u>135,682.62</u>	<u>-</u>	<u>183,242.92</u>
	<u>\$ 63,242.92</u>	<u>255,682.62</u>	<u>135,682.62</u>	<u>-</u>	<u>183,242.92</u>

Cash	135,682.62
Unappropriated Reserves	1,680.53
	<u>137,363.15</u>

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

	Balance December 31, 2018	Reserve for Encumbrances	2019 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2019
<b>FEDERAL GRANTS:</b>							
Small Cities Program - 2018-2019	15,645.00	-	-	-	-	-	15,645.00
Total Federal	15,645.00	-	-	-	-	-	15,645.00
<b>STATE GRANTS:</b>							
Clean Communities - 2016-17	6,166.55	-	-	-	-	-	6,166.55
Clean Communities - 2017-18	1,327.00	5,120.67	-	-	-	-	6,447.67
Clean Communities - 2019-20	-	-	5,682.62	4,726.39	844.00	-	112.23
Alcohol Education and Rehabilitation - 2007	174.58	-	-	-	-	-	174.58
Alcohol Education and Rehabilitation - 2008	1,538.70	-	-	-	-	-	1,538.70
Alcohol Education and Rehabilitation - 2010	796.10	-	-	-	-	-	796.10
Alcohol Education and Rehabilitation - 2011	776.06	-	-	-	-	-	776.06
Alcohol Education and Rehabilitation - 2013	539.63	-	-	-	-	-	539.63
Alcohol Education and Rehabilitation - 2015	295.40	-	-	-	-	-	295.40
Alcohol Education and Rehabilitation - 2019-20	-	-	146.46	-	-	-	146.46
Comprehensive Alcoholism & Drug Abuse - 2016	423.04	-	-	-	-	-	423.04
Drunk Driving Enforcement Fund 2015	633.30	-	-	-	-	-	633.30
Drunk Driving Enforcement Fund 2016	171.47	-	-	-	-	-	171.47
Solid Waste Recycling - Prior	438.59	-	-	-	-	-	438.59
Solid Waste Recycling 2007	4,158.76	-	-	-	-	-	4,158.76
Solid Waste Recycling 2008	3,043.08	-	-	-	-	-	3,043.08
Recycling Tonnage - 2015-16	14,583.70	-	-	-	-	-	14,583.70
Recycling Tonnage - 2016-17	147.30	-	-	-	-	-	147.30
Recycling Tonnage - 2018-19	2,058.88	-	-	-	-	-	2,058.88
Recycling Tonnage - 2019-20	-	-	1,534.07	1,000.00	-	-	534.07
Stormwater Management Grant 2018-2019	1,705.00	-	-	-	-	-	1,705.00
NJ DOT Learning Avenue - 2019-20	-	-	240,000.00	-	240,000.00	-	-
NJ DOT Bike Bath 2017-18	-	47.00	-	-	-	-	47.00
Emergency Management Relief - Prior	543.99	-	-	-	-	-	543.99
Municipal Alliance - Local Share	8,039.90	-	-	-	-	-	8,039.90
Municipal Alliance - Local Share 2018	2,000.00	-	-	-	-	-	2,000.00
Municipal Alliance - Local Share 2019	-	-	2,000.00	-	-	-	2,000.00
Title DCA - Small Cities Block Grant	4,887.25	-	-	-	-	-	4,887.25
Title DCA - NJ Law and Public Safety	-	-	10,000.00	-	-	-	10,000.00
Cape May County Recycling - Prior	268.32	-	-	-	-	-	268.32
Cape May County MUA - 2008	3,959.45	-	-	-	-	-	3,959.45
ANJEC Open Space Stewardship - 2016	1,000.00	-	-	-	-	-	1,000.00
NJ Forest Service Community Forestry Program - 2015-16	108.25	-	-	-	-	-	108.25
NJ Forest Service Community Forestry Program - 2016-17	3,775.00	-	-	-	-	-	3,775.00
NJ Forest Service Community Forestry Program - 2017-18	3,000.00	-	-	-	-	-	3,000.00
NJ Forest Service Community Forestry Program - 2018-19	3,000.00	-	-	1,350.00	-	-	1,650.00
Total State	69,559.30	5,167.67	259,363.15	7,076.39	240,844.00	-	86,169.73
	85,204.30	5,167.67	259,363.15	7,076.39	240,844.00	-	101,814.73

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

<u>Purpose</u>	Balance Dec. 31, 2018	Transferred To 2019 Appropriations	Received	Adjustments	Balance Dec. 31, 2019
<b>STATE GRANTS:</b>					
Recycling Tonnage 2019-20	-	-	241.12	-	241.12
Drunk Driving Enforcement Fund 2019-20	-	1,534.07	1,534.07	-	-
Alcohol Education and Rehabilitation - 2018-2019	146.46	146.46	-	-	-
<b>Total State</b>	<u>146.46</u>	<u>1,680.53</u>	<u>1,775.19</u>	<u>-</u>	<u>241.12</u>
<b>\$</b>	<u>146.46</u>	<u>1,680.53</u>	<u>1,775.19</u>	<u>-</u>	<u>241.12</u>

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

Balance December 31, 2018		\$	2,264.06
Increased By Receipts:			
Dog Licenses Fees	\$	648.00	
State License Fees		60.00	
Replacement Tag		5.00	
Interest Earned		2.22	
			715.22
			2,979.28
Decreased By Disbursements:			
Due to Current		764.51	
State License Fees		60.00	
Interest to Current		2.19	
			826.70
Balance December 31, 2019		\$	2,152.58

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

Balance December 31, 2018		\$ 1,222,956.17
Increased By Receipts:		
Tax Lien Redemptions	\$ 18,626.46	
Tax Lien Premiums	7,600.00	
Site Plan Escrow Deposits	65,477.23	
COAH Fees	105,825.89	
Liquor License Trust	480,000.00	
Due to Current	50,745.25	
Due from Disbursement	5,871.80	
Due from Sewer Operating	650.00	
POAA	2.00	
Reserve for Fire Dedicated Trust	1,000.00	
Reserve for Farmers Market	263.00	
Reserve for Wilbraham Park	1,750.00	
Reserve for Lima Bean Festival	10,495.00	
Reserve for Jersey Tomato	5,055.00	
Reserve for Shade Tree	10,610.00	
Reserve for Environmental Trust	13,963.05	
Reserve for Christmas Parade	31,544.27	
	<hr/>	809,478.95
		<hr/> 2,032,435.12
Decreased By Disbursements:		
Tax Lien Redemptions	14,124.36	
Tax Lien Premiums	31,400.00	
Site Plan Escrow Deposits Returned	71,936.73	
COAH Fees	1,066.45	
Due to Current	50,713.11	
Liquor License Trust	50,000.00	
Reserve for Farmers Market	11,778.84	
Reserve for Wilbraham Park	738.47	
Reserve for Lima Bean Festival	4,591.43	
Reserve for Jersey Tomato	5,513.90	
Reserve for Shade Tree	14,864.29	
Reserve for Environmental Trust	9,000.00	
Reserve for Christmas Parade	22,455.73	
	<hr/>	288,183.31
Balance December 31, 2019		\$ <u><u>1,744,251.81</u></u>

See Accompanying Auditor's Report

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

Balance December 31, 2018		\$	1,499.40
Increased By:			
Dog Licenses Fees Collected		\$	648.00
Replacement Fee			5.00
			653.00
			2,152.40
Decreased By Disbursements:			
Excess to Current Fund			707.60
			707.60
Balance December 31, 2019		\$	1,444.80
License Fees Collected	<u>Year</u>		
	2017		722.40
	2018		722.40
		\$	1,444.80

**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2018		\$	-
Increased By:			
Collected in 2019		\$	60.00
			60.00
			60.00
Decreased By:			
Paid to State of New Jersey			60.00
			60.00
Balance December 31, 2019		\$	-

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

Balance December 31, 2018		\$ 1,478,097.93
Increased by:		
Due to Current Fund - Interest Earned	823.38	
Reserve to Pay Debt Service - 2019 Bond Sale Premium	129,431.95	
Due to Water Sewer Capital	800.00	
Proceeds from Bond Sale	1,300,000.00	
		1,431,055.33
		2,909,153.26
Decreased by:		
Improvement Authorizations	1,048,827.22	
Reserve to Pay Debt Service	40,000.00	
Due to Current Fund	790.44	
		1,089,617.66
Balance December 31, 2019		\$ <u><u>1,819,535.60</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2018		Receipts		Disbursements		Transfers		Balance Dec. 31, 2019	
		Miscellaneous	Debt Issued	Improvement		Miscellaneous	From	To		
				Authorizations	Miscellaneous					
Fund Balance	\$ 14,652.39	-	-	-	-	-	-	-	-	14,652.39
Capital Improvement Fund	6,496.00	-	-	-	-	-	56,496.00	50,000.00	-	-
Contracts Payable	391,008.19	-	-	-	-	-	391,008.19	96,769.86	-	96,769.86
Reserve to Pay Notes	133,398.51	129,431.95	-	-	40,000.00	-	-	-	-	222,830.46
FEIMA - Receivable	-	-	-	-	-	-	-	-	-	-
Due to (from) Current Fund	95.87	823.38	-	-	790.44	50,000.00	-	-	-	(49,871.19)
Due to (from) Water/Sewer Capital	-	800.00	-	-	-	-	-	-	-	800.00
Reserve for Wilbraham Park	5,000.00	-	-	-	-	-	-	-	-	5,000.00
Reserve for Purchase of Fire Equipment	535.28	-	-	-	-	-	-	-	-	535.28
<b>Improvement Authorizations:</b>										
292-01 Improvements to Municipal Buildings	177.10	-	-	-	-	-	-	-	-	177.10
324-03 Various Improvements	117.67	-	-	117.67	-	-	-	-	-	-
349-05 Public Safety Equipments	2.89	-	-	2.89	-	-	-	-	-	-
367-06 Various Improvements	2,114.90	-	-	2,114.90	-	-	-	-	-	-
390-07 Various Improvements	1,247.67	-	-	879.00	-	-	-	-	-	368.67
406-07 Various Improvements	25,698.00	-	-	27,900.00	-	-	-	-	-	(2,202.00)
413-08 Various Improvements - County	2,007.00	-	-	118.00	-	-	-	-	-	1,889.00
471-12 Various Improvements	41,520.00	-	-	1,520.00	-	-	-	-	-	40,000.00
483-13 Acquisition of Fire Truck/PW Vehicle	(9,318.25)	-	-	957.54	-	-	14,474.21	-	-	(24,750.00)
499-15 Various Improvements	8,678.06	-	-	2,110.00	-	-	-	1,012.18	-	7,580.24
511-16 Litigation Settlement	13,164.29	-	-	-	-	-	-	-	-	13,164.29
513-16 Acquisition of Tractor	105.00	-	-	-	-	-	-	-	-	105.00
540-18 Various Improvements	841,397.36	-	-	966,449.22	-	-	10,195.87	389,996.01	-	254,748.28
569-19 Various Improvements	-	1,300,000.00	-	46,658.00	-	-	72,099.78	56,496.00	-	1,237,738.22
	\$ 1,478,097.93	1,431,055.33	-	1,048,827.22	40,790.44	594,274.05	594,274.05	594,274.05	1,819,535.60	

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

Balance December 31, 2018		\$	6,496.00
Increased by:			
Budget Appropriation	50,000.00		50,000.00
			56,496.00
Decreased by:			
Improvement Authorizations Funded	56,496.00		56,496.00
Balance December 31, 2019		\$	-

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

Balance December 31, 2018		\$	-
Increased by:			
Bonds Issued	3,700,000.00		
			3,700,000.00
Balance December 31, 2019		\$	3,700,000.00

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

Ord #	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Raised in 2019 Budget	Debt Issued	Balance Dec. 31, 2019	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
406-07	Various Improvements	\$ 2,202.00	-	-	-	2,202.00	-	2,202.00	-
483-13	Acquisition of Fire Truck/PW Vehicle	324,750.00	-	80,000.00	220,000.00	24,750.00	-	24,750.00	-
499-15	Various Improvements	121,750.00	-	60,000.00	60,000.00	1,750.00	-	-	1,750.00
511-16	Litigation Settlement	180,000.00	-	60,000.00	-	120,000.00	120,000.00	-	(0.00)
540-18	Various Improvements	2,288,096.00	-	-	2,250,000.00	38,096.00	-	-	38,096.00
569-19	Various Improvements	-	1,325,424.00	-	1,300,000.00	25,424.00	-	-	25,424.00
		<u>\$ 2,916,798.00</u>	<u>1,325,424.00</u>	<u>200,000.00</u>	<u>3,830,000.00</u>	<u>212,222.00</u>	<u>120,000.00</u>	<u>26,952.00</u>	<u>65,270.00</u>

Improvement Authorizations Unfunded \$ 78,434.29  
Less:  
Unexpended Proceeds of Bond  
Anticipation Notes Issued:  
**Ord. Number** 511-16  
13,164.29

13,164.29  
\$ 65,270.00

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2018		Authorizations		Balance December 31, 2019	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Funded	Unfunded
292-01	Improvements to Municipal Buildings	4/3/2001	125,000	\$ -	177.10	-	-	177.10	-
324-03	Various Improvements	3/4/2004	250,000	-	117.67	-	-	-	-
349-05	Public Safety Equipment	10/4/2005	8,243	-	2.89	-	-	-	-
367-06	Various Improvements	12/13/2006	61,300	-	2,114.90	-	-	-	-
390-07	Various Improvements	7/25/2007	70,000	-	1,247.67	-	-	368.67	-
406-07	Various Improvements	12/19/2007	36,000	2,202.00	-	-	-	-	-
413-08	Various Improvements - County	7/23/2008	120,000	-	2,007.00	-	-	1,889.00	-
471-12	Various Improvements	5/23/2012	200,000	-	41,520.00	-	-	40,000.00	-
483-13	Acquisition of Fire Truck/Public Works	1/8/2014	574,750	-	15,431.75	-	-	-	-
499-15	Various Improvements	5/13/2015	251,750	-	10,428.06	-	-	7,580.24	1,750.00
511-16	Litigation Settlement	6/22/2016	300,000	-	13,164.29	-	-	-	13,164.29
513-16	Acquisition of Tractor	6/22/2016	26,368	-	105.00	-	-	105.00	-
540-18	Various Improvements	4/25/2018	2,288,096	879,493.36	-	-	-	254,748.28	38,096.00
569-19	Various Improvements	8/14/2019	1,381,920	-	-	56,496.00	1,325,424.00	1,237,738.22	25,424.00
					\$ 72,990.23	920,719.46	56,496.00	1,542,606.51	78,434.29

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019			Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount	Interest Rate					
General Improvement Bonds	10/29/2019	3,700,000	10/15/2020	\$ 220,000.00	2.00%	-	3,700,000.00	-	3,700,000.00	
			10/15/2021	280,000.00	2.00%					
			10/15/2022	400,000.00	3.00%					
			10/15/2023	400,000.00	2.00%					
			10/15/2024	400,000.00	2.00%					
			10/15/2025	400,000.00	2.00%					
			10/15/2026	400,000.00	2.00%					
			10/15/2027	400,000.00	3.00%					
			10/15/2028	400,000.00	4.00%					
			10/15/2029	400,000.00	4.00%					
						\$ -	3,700,000.00	-	3,700,000.00	

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2019
						Dec. 31, 2018	Dec. 31, 2019			
Acquisition of Fire Truck/PW Vehicle	483-13	9/25/2014	9/21/2018 9/19/2019	9/20/2019 10/30/2019	3.000% 1.500%	300,000.00	-	220,000.00	300,000.00 220,000.00	- -
Various Capital Improvements	499-15	5/13/2015	9/21/2018 9/19/2019	9/20/2019 10/30/2019	3.000% 1.500%	120,000.00	-	60,000.00	120,000.00 60,000.00	- -
Litigation Settlement	511-16	7/28/2016	9/21/2018 9/19/2019	9/20/2019 9/18/2020	3.000% 1.500%	180,000.00	-	120,000.00	180,000.00	- 120,000.00
Various Capital Improvements	540-18	4/25/2018	9/21/2018 9/19/2019	9/20/2019 10/30/2019	3.000% 1.500%	2,250,000.00	-	2,250,000.00	2,250,000.00 2,250,000.00	- -
						\$ 2,850,000.00		2,650,000.00	5,380,000.00	120,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Debt Issued	Budget Appropriation	Balance Dec. 31, 2019
406-07	Various Improvements	\$ 2,202.00	-	-	-	2,202.00
483-13	Acquisition of Fire Truck/PW Vehicle	24,750.00	-	-	-	24,750.00
499-15	Various Improvements	1,750.00	-	-	-	1,750.00
540-18	Various Improvements	38,096.00	-	-	-	38,096.00
569-19	Various Improvements	-	1,325,424.00	1,300,000.00	-	25,424.00
		<u>\$ 66,798.00</u>	<u>1,325,424.00</u>	<u>1,300,000.00</u>	<u>-</u>	<u>92,222.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2018	\$ 330,387.97	810,477.75
Increased by Receipts:		
Water & Sewer Rent Collected	1,039,853.52	-
Miscellaneous	2,854.12	-
Due from Current	142,694.15	0.30
	<u>1,185,401.79</u>	<u>0.30</u>
	1,515,789.76	810,478.05
Decreased by Disbursements:		
Current Year Appropriation	996,468.10	-
Prior Year Appropriations	8,035.00	-
Improvement Authorizations	-	21,490.45
Accrued Interest on Bonds and Notes	35,359.59	-
Due to TTL	650.00	-
	<u>1,040,512.69</u>	<u>21,490.45</u>
Balance December 31, 2019	\$ <u><u>475,277.07</u></u>	<u><u>788,987.60</u></u>

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

	Balance Dec. 31, 2018	Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 110,000.00	-	-	-	-	-	-	110,000.00
Capital Fund Balance	225.00	-	-	-	-	-	-	225.00
USDA Grant Receivable	(595.33)	-	-	-	-	-	-	(595.33)
Due to/(from):								
General Capital	-	-	-	-	-	800.00	-	(800.00)
Encumbrances Payable	2,410.25	-	-	-	-	2,410.25	-	-
Reserve for USDA Receivable	377,452.00	-	-	-	-	-	-	377,452.00
Reserve for Debt Service	137,854.00	-	-	-	-	-	-	137,854.00
<b>Improvement Authorizations:</b>								
Ord. Number								
171-91	(800.00)	-	-	-	-	-	800.00	-
Various Improvements								
Water / Sewer Utility Improvements								
446-10	-	-	-	-	-	-	2,410.25	2,410.25
464-11	183,932.13	-	-	21,490.45	-	-	-	162,441.68
	<u>\$ 810,478.05</u>	<u>-</u>	<u>-</u>	<u>21,490.45</u>	<u>-</u>	<u>3,210.25</u>	<u>3,210.25</u>	<u>788,967.60</u>

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2018		\$ 32,139.42
Increased by Receipts:		
Consumer Accounts Charges and Levies	1,050,381.31	
	<u>1,050,381.31</u>	<u>1,050,381.31</u>
		1,082,520.73
Decreased by Disbursements:		
Overpayments & Prepayments Applied	10,823.85	
Collections	1,039,853.52	
	<u>1,050,677.37</u>	<u>1,050,677.37</u>
Balance December 31, 2019		<u>\$ 31,843.36</u>

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

Balance December 31, 2018		\$ -
Increased by Receipts:		
Transfers from Utility Receivable	789.55	
Interest and Costs Accrued by Sale of November 13, 2019	33.61	
	<u>823.16</u>	<u>823.16</u>
Balance December 31, 2019		<u>\$ 823.16</u>

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 5,203.50	5,203.50	-	5,203.50	-
Other Expenses	143,545.18	143,545.18	8,035.00	135,510.18	-
	<u>148,748.68</u>	<u>148,748.68</u>	<u>8,035.00</u>	<u>140,713.68</u>	<u>-</u>
Appropriation Reserves	\$ 139,897.71				
Encumbrances Payable	8,850.97				
	<u>148,748.68</u>				

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

Balance December 31, 2018		\$	35,359.59
Increased by:			
USDA & BAN Interest	34,747.83		
	34,747.83		34,747.83
			70,107.42
Decreased By:			
USDA & BAN Interest Paid	35,359.59		
	35,359.59		35,359.59
Payments to Treasurer			35,359.59
Balance December 31, 2019		\$	34,747.83

Analysis of Accrued Interest December 31, 2018

	Principal Outstanding December 31, 2019	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	129,434.92	5.00%	12/2/2019	12/31/2019	29	521.34
	464,744.38	4.50%	10/29/2019	12/31/2019	63	3,659.86
	803,531.53	4.125%	7/22/2019	12/31/2019	162	14,915.55
	2,179,647.44	2.750%	9/28/2019	12/31/2019	94	15,651.08
	-	1.82%	9/22/2019	12/31/2019	100	-
						34,747.83

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2018		Authorizations		Paid or Charged	Balance December 31, 2019	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
171-91	Water / Sewer Utility Improvements	3/5/1991	360,800.00	\$ -	-	800.00	-	800.00	-	-
464-10	Water / Sewer Utility Improvements	4/28/2010	220,000.00	-	-	-	(2,410.25)	-	-	2,410.25
464-11	Water / Sewer Utility Improvements	11/09/11	3,013,000.00	-	188,932.13	-	21,490.45	-	-	167,441.68
				\$ -	188,932.13	800.00	19,080.20	800.00	-	169,851.93

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019	Interest Rate	Balance Dec. 31, 2018	Changes		Balance Dec. 31, 2019
						Increased	Decreased	
Replace Septic System	12/2/1992	293,200.00	***** USDA Bond - semi-annual payments of \$8,512.00 due on June 2 and December 2. Final payment December 2, 2032	5.000% \$	139,604.81	-	10,169.89	129,434.92
Sanitary Sewer System Impro.	10/29/2004	576,000.00	***** USDA Bond - semi-annual payments of \$15,593.00 due on April 28 and October 28. Final payment October 28, 2044	4.500%	474,681.22	-	9,936.84	464,744.38
Sanitary Sewer System Impro.	1/22/2009	924,000.00	***** USDA Bond - semi-annual payments of \$23,692.00 due on January 22 and July 22. Final payment July 22, 2049	4.125%	817,337.33	-	13,805.80	803,531.53
Sanitary Sewer System Impro.	3/28/2017	2,260,000.00	***** USDA Bond - semi-annual payments of \$46,760.00 due on March 28 and September 28. Final payment September 28, 2057	2.750%	2,212,552.20	-	32,904.76	2,179,647.44
					\$	3,644,175.56	66,817.29	3,577,358.27

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Debt Issued	Other	Balance Dec. 31, 2019
171-91	Various Improvements	\$ 800.00	-	-	-	800.00
464-11	Water/Sewer Utility Improvements	5,000.00	-	-	-	5,000.00
		<u>\$ 5,800.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,800.00</u>

**BOROUGH OF WEST CAPE MAY**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2019**



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

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- |                                       |            |
|---------------------------------------|------------|
| 1) Material Weakness identified?      | <b>NO</b>  |
| 2) Significant Deficiency identified? | <b>YES</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. 2019-1 The General Ledger was not consistently reconciled with sub-ledgers.

A corrective action plan is required for 2019.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding No. 2018-1**

**Condition:**

The General Ledger was not consistently reconciled with sub-ledgers.

**Current Status:**

The condition has not been resolved for 2019 and is listed as item 2019-1 in the current year.

## **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 January 1, 2011, the bid threshold was \$17,500. The Borough adopted the bid threshold of \$17,500.

The governing body of the Borough of West 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 Borough Commission's opinion should be sought before a commitment is made.

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

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.

### **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 on January 2, 2019 authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the Borough Commissioners of the Borough of West Cape May, in the County of Cape May that pursuant to N.J.S.A. 54:4-67, the following interest rates be and are hereby fixed for property taxes and other municipal claims, which may be or may hereafter become delinquent, at 8% per annum on the first \$1,500.00 of the aggregate delinquency and 18% per annum on any amount in excess of \$1,500.00 of the aggregate delinquency.

**BE IT FURTHER RESOLVED** by the Board of Commissioners of the Borough of West 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 six percent (6%) penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the year 2019.

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

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**Delinquent Taxes and Tax Title Liens**

The tax sale was held on December 9, 2019 and was complete.

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>
2019	11
2018	12
2017	10

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2018 and 2019 Taxes	10
Delinquent Taxes	5
Current Water and Sewer Utility Rents	10
Delinquent Water and Sewer Rents	5
Total	<u>30</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.

**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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2019 \$	6,259,360.79	6,132,297.71	97.97%
2018	6,171,130.75	6,036,130.29	97.81%
2017	5,817,554.06	5,672,383.55	97.50%
2016	5,634,406.10	5,474,920.87	97.17%
2015	5,254,799.60	5,112,418.03	97.29%

**Comparative Schedule of Tax Rate Information**

		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$	1.254	1.265	1.222	1.222	1.149
Apportionment of Tax Rate:						
Municipal		0.359	0.357	0.356	0.350	0.331
County		0.297	0.279	0.272	0.247	0.240
Local & Regional School		0.598	0.629	0.594	0.625	0.578
Assessed Valuation		491,076,200	481,063,324	468,593,823	457,716,036	455,913,896

**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.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019 \$	170,381.66	110,940.08	281,321.74	4.49%
2018	156,177.38	113,367.91	269,545.29	4.37%
2017	154,080.24	127,451.94	281,532.18	4.84%
2016	142,941.71	132,255.58	275,197.29	4.88%
2015	162,417.02	124,724.88	287,141.90	5.46%

**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 Borough’s funds were deposited within the mandated time.

## RECOMMENDATIONS

### Finding #2019-1:\*

**Criteria:**

The Certified Finance Officer is responsible for correctly posting all required transactions and journal entries to the General Ledger in accordance with NJAC 5:30-5.7.

**Condition:**

The General Ledger did not contain all of the activity for all funds maintained by the Borough.

**Cause:**

The Borough's CFO has limited time and resources and the General Ledger has not been priority.

**Effect:**

Not utilizing the General Ledger fully could possibly cause a material misstatement to occur in financial reporting.

**Recommendation:**

That the Borough's CFO fully utilize the general ledger to record all necessary transactions and entries and that the general ledger be properly closed at year-end.

\*Similar recommendation previously made.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

June 23, 2020

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