

BOROUGH OF CAPE MAY POINT

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2012

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BOROUGH OF CAPE MAY POINT

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Board of Commissioners
Borough of Cape May Point, 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 Cape May Point, as of December 31, 2012 and 2011, 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, 2012, 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 Cape May Point 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 Cape May Point as of December 31, 2012 and 2011, 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 balances sheets and account group as of December 31, 2012 and 2011, 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, 2012 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 opinion on the financial statements that collectively comprise the Borough of Cape May Point’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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013 on our consideration of the Borough of Cape May Point'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 Cape May Point's internal control over financial reporting and compliance.

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

June 12, 2013

**EXHIBIT - A
CURRENT FUND**

BOROUGH OF CAPE MAY POINT
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 703,949.77	\$ 621,641.46
Collector	A-5	-	-
Change Fund	A-4	300.00	100.00
		<u>704,249.77</u>	<u>621,741.46</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	21,429.42	17,237.05
Revenue Accounts Receivable	A-9	-	516.00
Overpaid State Marriage License Fees		-	75.00
Interfunds:			
Due from Animal Control Fund	B	214.71	311.25
Due from Trust Fund - Other	B	1,076.96	1,046.53
		<u>22,721.09</u>	<u>19,185.83</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves		292.90	-
Special Emergency Authorization			
5 Years (40A:4-55)		12,000.00	21,000.00
		<u>12,292.90</u>	<u>21,000.00</u>
		<u>739,263.76</u>	<u>661,927.29</u>
Federal and State Grant Fund:			
Cash	A-4	13,895.61	12,074.78
Grants Receivable	A-11	570.00	570.00
		<u>14,465.61</u>	<u>12,644.78</u>
		<u>\$ 753,729.37</u>	<u>\$ 674,572.07</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 80,132.71	\$ 59,170.51
Reserve for Encumbrances	A-3	618.99	11,194.79
Prepaid Taxes		97,645.89	111,247.19
Payroll Deductions Payable		3,501.48	-
Tax Overpayments		345.44	-
Due to County - Added and Omitted Taxes		2,355.75	993.17
Due to State - Training Fees		494.00	-
School Tax Payable		28,620.00	2,345.00
Reserve for Preparation of Master Plan		3,062.50	3,062.50
Prepaid Beach Tags		1,366.90	1,865.60
Reserve for Revaluation		2,251.50	2,251.50
Reserve for Codification of Ordinances		5,200.00	15,000.00
Reserve for State Tax Appeals		3,562.50	3,562.50
Due to Water and Sewer Operating Fund	D	1,482.10	8,276.21
		<u>230,639.76</u>	<u>218,968.97</u>
Reserve for Receivables and Other Assets	A	22,721.09	19,185.83
Fund Balance	A-1	<u>485,902.91</u>	<u>423,772.49</u>
		<u>739,263.76</u>	<u>661,927.29</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	-	6,690.55
Appropriated Reserves	A-13	14,465.61	5,329.23
Due to Trust Fund - Other	B	-	625.00
		<u>14,465.61</u>	<u>12,644.78</u>
		<u>\$ 753,729.37</u>	<u>\$ 674,572.07</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	95,000.00	\$ 75,000.00
Miscellaneous Revenue Anticipated		465,147.29	295,324.91
Receipts from Delinquent Taxes		17,237.05	25,194.91
Receipts from Current Taxes		2,565,406.70	2,474,225.85
Non-Budget Revenue		41,604.42	26,536.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		49,644.38	50,885.14
Interfunds Returned		386.25	779.00
Statutory Excess Due from Animal Control Fund		-	203.00
Total Income		<u>3,234,426.09</u>	<u>2,948,149.43</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		449,119.77	443,443.07
Other Expenses		415,542.23	436,823.14
Deferred Charges & Statutory Expenditures		78,626.00	75,031.79
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		5,950.00	3,500.00
Other Expenses		270,836.10	269,901.54
Capital Improvements		225,000.00	51,000.00
Municipal Debt Service		375,476.00	369,085.88
Deferred Charges & Statutory Expenditures		9,000.00	6,000.00
County Taxes		1,202,905.39	1,112,789.64
County Added and Omitted Taxes		2,355.75	993.17
Local District School Tax		42,430.00	32,310.00
Refund of Prior Year Revenue		-	9,211.67
Overexpenditure of Appropriation Reserves		292.90	-
Interfund Created		54.43	1,260.98
Total Expenditures		<u>3,077,588.57</u>	<u>2,811,350.88</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ 156,837.52	\$ 136,798.55
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		292.90	15,000.00
		<u>292.90</u>	<u>15,000.00</u>
Statutory Excess to Fund Balance		157,130.42	151,798.55
Fund Balance January 1	A	423,772.49	346,973.94
		<u>580,902.91</u>	<u>498,772.49</u>
Decreased by:			
Utilization as Anticipated Revenue		95,000.00	75,000.00
Fund Balance December 31	A	\$ <u>485,902.91</u>	\$ <u>423,772.49</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 95,000.00	\$ -	\$ 95,000.00	\$ -
		\$ 95,000.00		\$ 95,000.00	
Miscellaneous Revenues:					
Licenses:					
Other		45,000.00		46,245.00	1,245.00
Fines and Costs:					
Municipal Court		1,500.00		2,212.72	712.72
Interest and Costs on Taxes		3,700.00		3,969.95	269.95
Interest on Investments and Deposits		1,200.00		834.92	(365.08)
Beach Fees		137,000.00		145,617.60	8,617.60
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		26,176.00		26,176.00	-
Uniform Construction Code Fees		30,000.00		37,948.00	7,948.00
Rental Licenses (offset)		5,500.00		5,500.00	-
Special Items:					
Public and Private Programs Off-Set by Appropriations:					
Recycling Tonnage Grant		690.55		690.55	-
Clean Communities Program			4,000.00	4,000.00	-
CMCMUA - Recycling Grant			5,152.55	5,152.55	-
Atlantic County Joint Insurance Fund - Safety Incentive		1,750.00	50.00	1,800.00	-
Comcast Technology Grant		5,000.00		5,000.00	-
N.J. Transportation Trust Fund Authority Act			180,000.00	180,000.00	-

BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Ref.	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
A-1	\$ 257,516.55	\$ 189,202.55	\$ 465,147.29	\$ 18,428.19
A-1:A-2	10,000.00		17,237.05	7,237.05
Total Miscellaneous Revenues				
Receipts from Delinquent Taxes				
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes				
Total Amount to be Raised by Taxes for Support of Municipal Budget				
	1,323,946.03		1,363,506.59	39,560.56
	1,323,946.03	-	1,363,506.59	39,560.56
	1,686,462.58	189,202.55	1,940,890.93	65,225.80
Budget Totals			41,604.42	41,604.42
Non-Budget Revenues	\$ 1,686,462.58	\$ 189,202.55	\$ 1,982,495.35	\$ 106,830.22

Amount to be Raised by Taxes for Support of Municipal Budget:
 Local Tax for Municipal Purposes
 Total Amount to be Raised by Taxes for Support
 of Municipal Budget

Budget Totals
 Non-Budget Revenues

BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$	2,565,406.70
Allocated to:		
School, County and Other Taxes		<u>1,247,691.14</u>
Balance for Support of Municipal Budget Appropriations		1,317,715.56
Add: Appropriation		
"Reserve for Uncollected Taxes"		<u>45,791.03</u>
Amount for Support of Municipal Budget Appropriations	\$	<u><u>1,363,506.59</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	17,237.05
Tax Title Lien Collections		<u>-</u>
	\$	<u><u>17,237.05</u></u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:		
Zoning Fees	\$	4,500.00
Comcast Right of Way		5,253.37
FEMA 2011 Storm Reimbursements		4,636.76
FEMA Super Storm Sandy		16,406.45
Planning Board Fees		300.00
Wedding Fees		500.00
Election Fees		1,800.00
Assessor Property Lists		50.00
Assessor Searches		40.00
Mercantile Licenses		700.00
Bond Anticipation Note Premium		540.57
Facilities and Use Fee		200.00
Refunds		643.80
Recycling Fees		260.98
Marriage Licenses		140.00
Prior Year Health Insurance Reimbursements		5,228.01
OPRA/Copies		250.48
Administrative Fee - Senior Citizens and Veterans		115.00
Miscellaneous		<u>39.00</u>
	\$	<u><u>41,604.42</u></u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
\$	10,000.00	\$	10,000.00	\$	0.14	\$	
	500.00		500.00		-		
	54,000.00		54,000.00	53,852.53	147.47		
	8,000.00		8,000.00	7,997.45	2.55		
	30,000.00		38,673.60	38,110.66	562.94		
	10,500.00		10,500.00	6,936.65	3,563.35		
	18,500.00		18,500.00	18,500.00	-		
	14,500.00		14,500.00	14,499.94	0.06		
	650.00		650.00	608.99	41.01		
	1,200.00		1,200.00	1,200.00	-		
	13,500.00		13,500.00	13,499.98	0.02		
	500.00		500.00	490.61	9.39		
	1,700.00		1,700.00	1,700.00	-		
	19,000.00		19,000.00	18,307.53	692.47		
	21,000.00		21,000.00	15,759.55	4,621.46		
	2,400.00		2,400.00	1,600.00	800.00		
	6,000.00		6,000.00	5,999.00	1.00		
	2,000.00		2,000.00	2,000.00	-		
	21,000.00		21,000.00	15,554.00	5,446.00		

OPERATIONS WITHIN "CAPS"
REVENUE AND FINANCE:

- Director's Office
- Salaries and Wages
- Other Expenses
- Municipal Clerk's Office
- Salaries and Wages
- Other Expenses
- Financial Administration
- Salaries and Wages
- Other Expenses
- Annual Audit
- Other Expenses
- Collection of Taxes
- Salaries and Wages
- Other Expenses
- Tax Searches
- Salaries and Wages
- Assessment of Taxes
- Salaries and Wages
- Other Expenses
- Assessment Searches
- Salaries and Wages
- Computer Operations
- Salaries and Wages
- Other Expenses
- Elections
- Salaries and Wages
- Other Expenses
- Registrar of Vital Statistics
- Salaries and Wages
- Legal Services and Costs
- Other Expenses

See Accompanying Notes to Financial Statements - Regulatory Basis

**BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
Planning Board	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	2,000.00	\$ -	\$ -	
Salaries and Wages	11,750.00	5,229.80	3,806.03	1,423.77			
Other Expenses							
Board of Adjustment	2,000.00	2,000.00	2,000.00	-			
Salaries and Wages	5,500.00	3,346.60	2,789.66	556.94			
Other Expenses							
Code Enforcement Official	3,000.00	3,000.00	3,000.00	-			
Salaries and Wages	350.00	350.00	-	350.00			
Other Expenses							
Advertising and Printing	5,000.00	5,000.00	2,911.12	2,088.88			
Other Expenses							
Rental of Fire Hall	3,600.00	3,600.00	3,600.00	-			
Other Expenses							
Health Benefit Waiver	500.00	500.00	-	500.00			
Salaries and Wages							
Insurance	13,264.00	13,264.00	8,504.74	4,759.26			
Employee Group Health	9,302.00	9,302.00	9,302.00	-			
General Liability	21,613.00	21,613.00	21,613.00	-			
Workers Compensation							
PUBLIC AFFAIRS AND PUBLIC SAFETY:							
Director Public Affairs and Safety	10,000.00	10,000.00	9,999.86	0.14			
Salaries and Wages	2,000.00	2,000.00	2,000.00	-			
Other Expenses							
Beach Fee Program	42,840.00	41,022.24	41,022.24	-			
Salaries and Wages	4,460.00	6,277.76	6,277.76	-			
Other Expenses							
Volunteers in Medicine Donation (N.J.S. 40:5-2-10c)	350.00	350.00	350.00	-			
Other Expenses							
Aid to Volunteer Fire Company	8,000.00	8,000.00	8,000.00	-			
Other Expenses							
First Aid Organization	22,000.00	22,000.00	16,333.49	5,666.51			
Other Expenses							
Emergency Management Services	1,900.00	1,900.00	1,900.00	-			
Salaries and Wages	500.00	500.00	467.28	32.72			
Other Expenses							
Animal Control	2,800.00	2,800.00	1,771.20	1,028.80			
Other Expenses							

See Accompanying Notes to Financial Statements - Regulatory Basis

**BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
Lifeguards	\$ 107,100.00	\$	105,623.93	\$ 105,623.93	\$	-	\$	
Salaries and Wages	10,975.00		12,451.07	12,351.07		100.00		
Other Expenses								
Cape May Point Environmental Commission								
Other Expenses	600.00		600.00	280.00		320.00		
Fire								
Other Expenses	500.00		500.00	-		500.00		
Municipal Court								
Other Expenses	12,500.00		12,500.00	2,972.48		9,527.52		
PUBLIC WORKS, PARKS AND PUBLIC PROPERTY:								
Director's Office								
Salaries and Wages	14,500.00		14,500.00	14,499.94		0.06		
Other Expenses	3,500.00		3,500.00	2,591.86		908.14		
Engineering Services and Costs								
Other Expenses	6,000.00		6,000.00	3,118.00		2,882.00		
Beach Restoration and Maintenance								
Other Expenses	12,000.00		12,000.00	9,721.28		2,278.72		
Road Repairs and Maintenance								
Other Expenses	5,000.00		5,000.00	542.80		4,457.20		
Garbage and Trash Removal								
Other Expenses	48,458.00		48,458.00	39,069.66		9,388.34		
Recycling Program								
Other Expenses	21,600.00		21,600.00	21,600.00		-		
Public Works Maintenance								
Salaries and Wages	69,000.00		69,000.00	66,833.33		2,166.67		
Other Expenses	15,300.00		15,300.00	15,300.00		-		
Public Building and Grounds								
Other Expenses	51,500.00		51,500.00	49,014.96		2,485.04		
UNIFORM CONSTRUCTION CODE:								
State Uniform Construction Code								
Construction Official								
Salaries and Wages	42,250.00		42,250.00	42,063.25		186.75		
Other Expenses	600.00		600.00	600.00		-		
Fire Inspections								
Salaries and Wages	800.00		350.00	277.57		72.43		
Other Expenses	250.00		250.00	142.26		107.74		

See Accompanying Notes to Financial Statements - Regulatory Basis

**BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget			Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES:							
Electric	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 11,642.58	\$	\$ 1,357.42	\$
Telephone	7,500.00	7,500.00	7,500.00	4,674.36		2,825.64	
Street Lighting	14,500.00	14,500.00	14,500.00	13,449.05		1,050.95	
TOTAL OPERATIONS WITHIN "CAPS"	865,112.00	864,662.00	864,662.00	791,133.51	618.99	72,909.50	-
Contingent	-	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	865,112.00	864,662.00	864,662.00	791,133.51	618.99	72,909.50	-
Detail:							
Salaries and Wages	444,190.00	449,119.77	443,990.62	443,990.62	-	5,129.15	-
Other Expenses	420,922.00	415,542.23	415,542.23	347,142.89	618.99	67,780.35	-
STATUTORY EXPENDITURES:							
Contributions to:							
Social Security System (O.A.S.I.)	35,000.00	35,000.00	35,000.00	33,334.42		1,665.58	
Public Employees' Retirement System	28,126.00	28,126.00	28,126.00	28,126.00		-	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00	15,000.00		500.00	
Defined Contribution Retirement Program	500.00	500.00	500.00	-			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	78,626.00	78,626.00	78,626.00	76,460.42	-	2,165.58	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	943,738.00	943,288.00	943,288.00	867,593.93	618.99	75,075.08	-
OPERATIONS EXCLUDED FROM "CAPS"							
NJPDES/Stormwater (40A:4-45.3cc)							
Stormwater Management							
Other Expenses	800.00	800.00	800.00	600.00		200.00	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	800.00	800.00	800.00	600.00	-	200.00	-

See Accompanying Notes to Financial Statements - Regulatory Basis

**BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Police Protection					
Contractual	\$ 253,393.00	\$ 253,393.00	\$ 253,393.00	\$ -	\$ -
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS - EXCLUDED FROM "CAPS"	253,393.00	253,393.00	253,393.00	-	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Fire Inspections - Rental Permit Fees					
Salaries and Wages	5,500.00	5,950.00	5,950.00	-	-
TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES (N.J.S. 40A:4-45.3h)	5,500.00	5,950.00	5,950.00	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grants	690.55	690.55	690.55	-	-
Comcast Technology Grant	5,000.00	5,000.00	5,000.00	-	-
CMCMUA Recycling Grant (40A:4-87, \$5,152.55+)	-	5,152.55	5,152.55	-	-
Atlantic County Joint Insurance Fund - Safety (40A:4-87, \$50.00+)	1,750.00	1,800.00	1,800.00	-	-
Clean Communities Grant (40A:4-87, \$4,000.00+)	-	4,000.00	4,000.00	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	7,440.55	16,643.10	16,643.10	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	267,133.55	276,786.10	276,586.10	200.00	-
Detail:					
Salaries and Wages	5,500.00	5,950.00	5,950.00	-	-
Other Expenses	261,633.55	270,836.10	270,636.10	200.00	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	40,000.00	40,000.00	40,000.00	-	-
Purchase and Construction of Fencing & Decking	5,000.00	5,000.00	142.37	4,857.63	-
N.J. Transportation Trust Fund Authority (40A:4-87, \$180,000.00+)					
TOTAL CAPITAL IMPROVEMENTS	45,000.00	225,000.00	180,000.00	4,857.63	-

See Accompanying Notes to Financial Statements - Regulatory Basis

**BOROUGH OF CAPE MAY POINT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
DEBT SERVICE						
Payment of Bond Principal	\$ 161,700.00	\$ 161,700.00	\$ 161,640.26	\$ -	\$ -	59.74
Payment of Bond Anticipation Notes	170,000.00	170,000.00	170,000.00	-	-	-
Interest on Bonds	24,100.00	24,100.00	24,090.74	-	-	9.26
Interest on Notes	20,000.00	20,000.00	19,745.00	-	-	255.00
TOTAL DEBT SERVICE	375,800.00	375,800.00	375,476.00	-	-	324.00
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Special Emergency Authorization - 5 Years	9,000.00	9,000.00	9,000.00	-	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	9,000.00	9,000.00	9,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	696,933.55	886,586.10	881,204.47	-	5,057.63	324.00
SUBTOTAL GENERAL APPROPRIATIONS	1,640,671.55	1,829,874.10	1,748,798.40	618.99	80,132.71	324.00
Reserve for Uncollected Taxes	45,791.03	45,791.03	45,791.03	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 1,686,462.58	\$ 1,875,665.13	\$ 1,794,589.43	\$ 618.99	\$ 80,132.71	\$ 324.00
Appropriation by 40A:4-87 Budget	\$ 189,202.55	1,686,462.58				
	\$ 1,875,665.13					
Cash Disbursed			\$ 1,524,653.82			
Reserve for Uncollected Taxes			45,791.03			
Special Emergency Authorization			9,000.00			
Due to Trusts - Other			15,000.00			
Payroll Deductions			3,501.48			
Federal and State Grants			196,643.10			
			<u>\$ 1,794,589.43</u>			

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - B
TRUST FUND

BOROUGH OF CAPE MAY POINT
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Cash	B-1	\$ 439.91	\$ 439.45
Overpaid State Dog License Fees	B-5	6.00	-
		<u>445.91</u>	<u>439.45</u>
<u>Other Funds</u>			
Cash	B-2	134,736.76	111,326.04
Due from Federal and State Grant Fund	A	-	625.00
		<u>134,736.76</u>	<u>111,951.04</u>
		<u>\$ 135,182.67</u>	<u>\$ 112,390.49</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 231.20	\$ 128.20
Due to Current Fund	B-4	214.71	311.25
		<u>445.91</u>	<u>439.45</u>
<u>Other Funds</u>			
Due to Current Fund		1,076.96	1,046.53
Reserve for Escrow Deposits		10,169.30	18,007.46
Reserve for Unemployment Compensation		13,141.96	2,426.16
Reserve for Housing Expenditures - COAH		102,676.51	80,289.69
Reserve for Environmental Commission		105.55	-
Reserve for Lifeguard Trust		7,566.48	10,181.20
		<u>134,736.76</u>	<u>111,951.04</u>
		<u>\$ 135,182.67</u>	<u>\$ 112,390.49</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - C
GENERAL CAPITAL FUND

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash	C-2,C-3	\$ 247,970.68	\$ 444,402.78
Deferred Charges to Future Taxation:			
Funded	C-5	391,723.93	553,364.19
Unfunded	C-6	1,041,533.93	1,033,033.93
Federal and State Grant Receivable		241,508.00	61,508.00
		<u>\$ 1,922,736.54</u>	<u>\$ 2,092,308.90</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 150,000.00	\$ 300,000.00
U.S.D.A. Rural Development Loans Payable	C-8A-B	241,723.93	253,364.19
Bond Anticipation Notes Payable	C-9	862,900.00	990,000.00
Improvement Authorizations:			
Funded	C-7	205,523.83	5,083.57
Unfunded	C-7	170,957.47	198,793.97
Reserve for Encumbrances	C-7	72.00	84,007.86
Capital Improvement Fund	C-4	289,822.98	259,322.98
Fund Balance	C-1	1,736.33	1,736.33
		<u>\$ 1,922,736.54</u>	<u>\$ 2,092,308.90</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 in the amounts of \$178,633.93 and \$43,033.93, respectively.

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

		<u>2012</u>		<u>2011</u>
Balance January 1,	<u>Ref.</u> C	\$ 1,736.33	\$	1,736.33
Increased By:				
No Activity				-
		<u>1,736.33</u>		<u>1,736.33</u>
Decreased By:				
No Activity				
Balance December 31,	C	<u><u>1,736.33</u></u>	\$	<u><u>1,736.33</u></u>

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
WATER AND SEWER UTILITY FUND

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 240,764.80	\$ 191,058.80
Due from Current Fund	A	1,482.10	8,276.21
Due from Water and Sewer Capital Fund	D-5	-	15,397.85
		<u>242,246.90</u>	<u>214,732.86</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	22,921.94	33,168.24
		<u>22,921.94</u>	<u>33,168.24</u>
Total Operating Fund		<u>265,168.84</u>	<u>247,901.10</u>
Capital Fund:			
Cash	D-5	34,602.15	-
Fixed Capital:			
Completed		4,793,662.27	4,788,962.83
Authorized and Uncompleted		509,000.00	509,000.00
		<u>5,337,264.42</u>	<u>5,297,962.83</u>
Total Capital Fund		<u>5,337,264.42</u>	<u>5,297,962.83</u>
		<u>\$ 5,602,433.26</u>	<u>\$ 5,545,863.93</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Operating Fund:</u>			
Appropriation Reserves	D-4	\$ 70,284.15	\$ 29,063.45
Accounts Payable		-	35.00
Prepaid Rents		48,902.35	60,739.10
Overpaid Rents		490.34	67.11
Reserve for Encumbrances	D-4	-	8,130.24
Accrued Interest on Bonds and Notes	D-11	18,427.12	18,860.74
		<u>138,103.96</u>	<u>116,895.64</u>
Reserve for Receivables	D	22,921.94	33,168.24
Fund Balance	D-1	104,142.94	97,837.22
Total Operating Fund		<u>265,168.84</u>	<u>247,901.10</u>
<u>Capital Fund:</u>			
USRDA Loans Payable	D-13A-B	1,299,591.25	1,341,137.01
NJEIT Loans	D-13C	56,241.00	74,271.17
Bond Anticipation Notes Payable	D-14	39,000.00	10,000.00
Improvement Authorizations			
Funded	D-12	24,428.75	24,428.75
Unfunded	D-12	50,457.70	50,457.70
Reserve for Amortization		3,798,830.02	3,713,554.65
Deferred Reserve for Amortization		59,000.00	59,000.00
Due to Water and Sewer Operating Fund	D	-	15,397.85
Capital Improvement Fund	D-10	5,250.00	5,250.00
Fund Balance	D-2	4,465.70	4,465.70
Total Capital Fund		<u>5,337,264.42</u>	<u>5,297,962.83</u>
		<u>\$ 5,602,433.26</u>	<u>\$ 5,545,863.93</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 in the amounts of \$50,000.00 and \$100,000.00, respectively.

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	68,460.00	\$ 80,364.00
Water and Sewer Rents		643,973.51	613,365.18
Miscellaneous:			
Interest on Investments		311.88	425.42
Miscellaneous Revenue Not Anticipated		4,790.95	5,379.20
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		29,063.45	10,049.98
Cancellation of Accounts Payable		35.00	-
 Total Income		<u>746,634.79</u>	<u>709,583.78</u>
 Expenditures:			
Operations:			
Salaries and Wages		70,300.00	66,160.00
Other Expenses		430,760.00	436,270.00
Capital Improvements		20,000.00	20,000.00
Debt Service		134,609.07	141,518.19
Deferred Charges and Statutory Expenditures		16,200.00	7,934.00
 Total Expenditures		<u>671,869.07</u>	<u>671,882.19</u>
Excess in Revenue		74,765.72	37,701.59
 Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years/Funded by Capital Ordinance		-	-
 Fund Balance January 1	D	74,765.72	37,701.59
		<u>97,837.22</u>	<u>140,499.63</u>
		172,602.94	178,201.22
Decreased By:			
Utilization as Anticipated Revenue		68,460.00	80,364.00
Balance December 31	D	<u>\$ 104,142.94</u>	<u>\$ 97,837.22</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE

Balance December 31, 2011	<u>Ref.</u> D		\$	4,465.70
Increased By:				
No Activity in 2012		\$ _____		-
				<u>4,465.70</u>
Decreased By:				
No Activity in 2012		_____		-
Balance December 31, 2012	D		\$	<u><u>4,465.70</u></u>

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated Budget	Realized	Excess or (Deficit)
	<u> </u>	<u> </u>	<u> </u>
Operating Fund Balance Anticipated	\$ 68,460.00	\$ 68,460.00	\$ -
Anticipated Revenue:			
Water Rents	345,000.00	372,189.16	27,189.16
Sewer Rents	259,000.00	271,784.35	12,784.35
Interest Earned on Deposits	400.00	311.88	(88.12)
	<u>604,400.00</u>	<u>644,285.39</u>	<u>39,885.39</u>
Total Revenue	\$ <u>672,860.00</u>	\$ <u>712,745.39</u>	\$ <u>39,885.39</u>

D-4

Analysis of Realized Revenue:

Water Rents			
Accounts Receivable	\$ 372,189.16		
Total Water Rents		<u>\$ 372,189.16</u>	
Sewer Rents			
Accounts Receivable	\$ 271,784.35		
Total Sewer Rents		<u>\$ 271,784.35</u>	

Analysis of Unanticipated Revenue:

Penalties on Delinquent Accounts	\$ 4,296.53		
Miscellaneous	494.42		
		<u>\$ 4,790.95</u>	

See Accompanying Notes to Financial Statements - Regulatory Basis

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 70,300.00	\$ 70,300.00	\$ 69,271.64	\$ 1,028.36	\$
Other Expenses	430,760.00	430,760.00	376,804.77	53,955.23	
	501,060.00	501,060.00	446,076.41	54,983.59	
Capital Improvements:					
Capital Outlay	20,000.00	20,000.00	4,699.44	15,300.56	
	20,000.00	20,000.00	4,699.44	15,300.56	
Debt Service:					
Payment of Bond Principal	59,600.00	59,600.00	59,575.93		24.07
Payment of Bond Anticipation Notes	10,000.00	10,000.00	10,000.00		-
Interest on Bonds	65,000.00	65,000.00	64,581.22		418.78
Interest on Notes	1,000.00	1,000.00	451.92		548.08
	135,600.00	135,600.00	134,609.07		990.93
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Revenue:					
Ordinance 594-11	11,000.00	11,000.00	11,000.00		-
Social Security System (O.A.S.I.)	5,200.00	5,200.00	5,200.00		-
	16,200.00	16,200.00	16,200.00		-
	\$ 672,860.00	\$ 672,860.00	\$ 601,584.92	\$ 70,284.15	\$ 990.93
Ref. D-3					
Accrued Interest on Bonds and Notes			\$ 65,033.14		
Cash Disbursed			536,551.78		
			<u>601,584.92</u>		

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF CAPE MAY POINT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>		
Buildings and Improvements	\$ 1,050,000.00	\$ 1,050,000.00
Machinery and Equipment	988,632.67	971,994.61
	<u>2,038,632.67</u>	<u>2,021,994.61</u>
Total General Fixed Assets	<u>\$ 2,038,632.67</u>	<u>\$ 2,021,994.61</u>
<u>Fund Balance</u>		
Investment in General Fixed Assets	<u>\$ 2,038,632.67</u>	<u>\$ 2,021,994.61</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – regulatory basis of the Borough of Cape May Point have been prepared in conformity with a “Regulatory Basis of Accounting” as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from Accounting Principles Generally Accepted in the United States of America (GAAP). The more significant of the Borough’s accounting policies are described below.

Description of Financial Reporting Entity

The Borough of Cape May Point is a shore community located at the southern tip of the State of New Jersey in the County of Cape May. The population according to the 2010 census is 291.

The Borough was incorporated in 1878 and operates under a commission form of government. The Mayor is a member of the Borough Commission and is the Chief Executive Officer of the Borough. The Mayor is elected by the Commissioners. The Borough Commission is the law making body and passes all Resolutions and Ordinances.

Component Units

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 of Cape May Point had no component units as defined by Governmental Accounting Standards Board (GASB).

Basis of Presentation, Fund Accounting

The financial statements – regulatory basis of the Borough of Cape May Point contain all funds and account groups in accordance with the “Requirements of Audit” as promulgated 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 respect to public funds. Under this method of accounting, the Borough of Cape May Point accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

Current Fund

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

Trust Funds

The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each fund was created.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Capital Funds

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

Water and Sewer Utility Operating and Capital Funds

The Water and Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

Budgets and Budgetary Accounting

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 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$45,791.03, and \$46,038.10. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$95,000 of \$423,772.49 available fund balance and \$75,000 of \$346,973.94 available fund balance.

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 Council. The following significant budget transfers were approved in the 2012 and 2011 calendar years.

	<u>2012</u>	<u>2011</u>
Financial Administration – S&W	8,764	1,454
Planning Board - OE	(6,520)	(1,000)
Board of Adjustment – OE	(2,153)	(1,000)
Beach Fee Program – S&W	(1,818)	(3,647)
Beach Fee Program - OE	1,818	(33)
Lifeguards S&W	(1,476)	(4,124)
Lifeguards - OE	1,476	124
Fire Inspections – S&W	50	(1,000)
Computer Operations – OE		(415)
Elections – OE		(1,649)
Director of Public Affairs & Safety – S&W		(644)
Beach Restoration and Maintenance - OE		(2,000)
Road Repairs and Maintenance - OE		(586)
Public Buildings and Grounds - OE		2,586
Construction Code Official – S&W		2,600
Unemployment Compensation		8,324

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2012 calendar year, the Board of Commissioners approved a budget insertion for CMCMUA Recycling Grant in the amount of \$5,153; one for Joint Insurance Fund Safety Incentive for \$50, one for \$Clean Communities for \$4,000 and one for N.J. Transportation Trust Fund for \$180,000. During the 2011 calendar year, Borough Council approved a budget insertion for CMCMUA Recycling Grant in the amount of \$2,288; one for Clean Communities for \$4,000; and one for Joint Insurance Fund Safety Incentive for \$1,700.

The municipality 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 or those funded by a subsequent bond ordinance, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. No emergency authorizations were approved by the Board of Commissioners during 2012. Emergencies authorized 2011 were Codification of Ordinances – OE for \$15,000.

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Borough of Cape May Point requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

All certificates of deposit are recorded as cash regardless of date of maturity.

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of Supplies

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

General Fixed Assets

The Borough of Cape May Point has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system differs in certain respects from Generally Accepted Accounting Principles.

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") 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, with the exception of Land are valued at historical cost, or estimated historical cost if actual historical cost is not available. Land is valued at the Assessed Valuation of 1985 which is the year of implementation of fixed asset accounting for New Jersey Municipal Governments.

No depreciation on general fixed assets is recorded in the financial statements – regulatory basis.

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

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

Utility Fixed Assets

Property and equipment purchased by a utility fund are recorded in the utility capital fund at cost and are adjusted for disposition or abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. GAAP does not require the establishment of a Reserve for Amortization of Fixed Capital, but GAAP does require the recognition of depreciation of property by the utility fund.

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the historical value at the time of acquisition.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Charges

The recognition of certain expenditures is deferred to future periods. These expenditures, or Deferred Charges, are generally overexpenditures of legally adopted budget appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Appropriation Reserves

Appropriation Reserves covering unexpended appropriation balance are automatically created at year end 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 fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

Fund Balance

Fund Balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue from federal and State grants is realized as revenue when anticipated as such in the Borough's budget. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid after the 11th day of the 11th month in the year which they are levied are subject to tax sale. . The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Cape May Point School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1st to June 30th, increased by the amount deferred at December 31, 2011 and decreased by the amount deferred at December 31, 2012. GAAP would require the recording of deferred revenue. As of December 31, 2012 and 2011, the following is a breakdown of the school tax payable and year-end deferral.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

School Taxes (Continued)

	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
School Tax Payable	\$ 28,620.00	\$ 2,345.00
School Tax Deferred	13,810.00	13,810.00
	<u>\$ 42,430.00</u>	<u>\$ 16,155.00</u>

County Taxes

The Borough is responsible for levying, collecting and remitting county taxes for the County of Cape May. Fund balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition fund balance is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A reserve for uncollected taxes is not established under GAAP.

Expenditures

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 system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Required Financial Statements

Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis including all funds exclusive of fiduciary funds and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 data has not been presented in the Statement of Revenue-Regulatory Basis and the Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Borough's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013 will not have any impact on the financial position of the Borough..

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Changes in Long-Term Debt

The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding</u> <u>12/31/11</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/12</u>
General Capital Fund:				
Bonds Payable	\$ 300,000.00	\$	\$ 150,000.00	\$ 150,000.00
Loans Payable	<u>253,364.19</u>	<u></u>	<u>11,640.26</u>	<u>241,723.93</u>
Total General Capital Fund	<u>553,364.19</u>	<u>-</u>	<u>161,640.26</u>	<u>391,723.93</u>
Utility Capital Fund:				
Loans Payable	<u>1,415,408.18</u>	<u></u>	<u>59,575.93</u>	<u>1,355,832.25</u>
Total Utility Capital Fund	<u>1,415,408.18</u>	<u>-</u>	<u>59,575.93</u>	<u>1,355,832.25</u>
Total All Funds	<u>\$ 1,968,772.37</u>	<u>\$ -</u>	<u>\$ 221,216.19</u>	<u>\$ 1,747,556.18</u>

Summary of Municipal Debt

	<u>Year</u> <u>2012</u>	<u>Year</u> <u>2011</u>	<u>Year</u> <u>2010</u>
Issued:			
General:			
Bonds and Notes	\$ 1,012,900.00	\$ 1,290,000.00	\$ 1,299,900.00
Loans	241,723.93	253,364.19	264,498.08
Water/Sewer Utility:			
Bonds and Notes	39,000.00	10,000.00	27,000.00
Loans	<u>1,355,832.25</u>	<u>1,415,408.18</u>	<u>1,472,717.19</u>
Total Issued	<u>2,649,456.18</u>	<u>2,968,772.37</u>	<u>3,064,115.27</u>
Less:			
Funds Temporarily			
Held to Pay Bonds and Notes:			
General	-	-	38,618.36
Water and Sewer Utility	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Issued	<u>2,649,456.18</u>	<u>2,968,772.37</u>	<u>3,025,496.91</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	178,633.93	43,033.93	339,183.93
Water/Sewer Utility:			
Bonds and Notes	<u>50,000.00</u>	<u>100,000.00</u>	<u>53,234.00</u>
Total Authorized But Not Issued	<u>228,633.93</u>	<u>143,033.93</u>	<u>392,417.93</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,878,090.11</u>	<u>\$ 3,111,806.30</u>	<u>\$ 3,417,914.84</u>

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .281%

	Gross Debt	Deductions	Net Debt
Water & Sewer Utility Debt	\$ 1,444,832.25	\$ 1,444,832.25	\$ -
General Debt	1,433,257.86	-	1,433,257.86
	\$ 2,878,090.11	\$ 1,444,832.25	\$ 1,433,257.86

Net debt \$1,433,257.86 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$510,799,710 = .281%.

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

3-1/2% of Equalized Valuation Basis	\$ 17,877,989.86
Net Debt	1,433,257.86
	\$ 16,444,732.00

Calculation of “Self-Liquidating Purpose”, Water and Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for the Year		\$ 717,536.34
Deductions:		
Operating & Maintenance Costs	\$ 506,260.00	
Debt Service per Water and Sewer Funds	134,609.07	
Total Deductions		640,869.07
Excess in Revenue		\$ 76,667.27

Description of Bonds and Loans Payable

At December 31, 2012, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$1,375,000 General Improvement Bonds dated April 1, 2002, due in annual installments through March 15, 2013, bearing interest at a rate of 5.70% per annum. The balance remaining as of December 31, 2012 is \$150,000.

\$300,000 U.S.D.A Rural Development Loan for the Municipal Building dated June 6, 1997, due in semi-annual installments through June 6, 2027, bearing interest at a rate of 4.50% per annum. The balance remaining as of December 31, 2012 is \$193,524.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$75,000 U.S.D.A Rural Development Loan for the Municipal Building dated June 6, 1997, due in semi-annual installments through June 6, 2027, bearing interest at a rate of 4.50% per annum. The balance remaining as of December 31, 2012 is \$48,200.

At December 31, 2012, bonds payable in the Water and Sewer Utility Fund consisted of the following individual issues:

\$1,165,000 U.S.D.A Rural Development Loan for Improvements to the Water and Sewer System dated March 23, 1989, due in semi-annual installments through March 2029, bearing interest at a rate of 5.00% per annum. The balance remaining as of December 31, 2012 is \$752,957.

\$320,500 U.S.D.A Rural Development Loan for Construction of a Municipal Water Storage Tank dated December 14, 1994, due in semi-annual installments through December 2034, bearing interest at a rate of 4.50% per annum. The balance remaining as of December 31, 2012 is \$240,515.

\$375,000 U.S.D.A Rural Development Loan for Improvements to the Water and Sewer System dated July 2, 1998, due in semi-annual installments through January 2038, bearing interest at a rate of 4.50% per annum. The balance remaining as of December 31, 2012 is \$306,120.

\$161,766 New Jersey Infrastructure Trust Loan for Improvements to the Pavilion Circle Pump Station dated November 30, 2005, due in semi-annual installments through August 2015, bearing interest at various rates per annum. The balance remaining as of December 31, 2012 is \$56,241.

Short-Term Debt

Short-term debt provides for financing of capital projects. On June 29, 2006, the Borough originally issued \$420,000 of bond anticipation notes to finance various capital improvements at an interest rate of 3.94%. These notes matured on June 28, 2007. At that time, the Borough renewed \$413,000 of the original notes and issued an additional \$42,000 of notes to finance additional projects. In addition, the Borough paid \$7,000 of principal on the notes through a 2007 budget appropriation. When the notes matured on June 26, 2008, the Borough renewed \$448,000 of the notes and issued an additional \$792,000 of notes to finance additional projects. In addition, the Borough paid \$7,000 of principal on the notes through a 2008 budget appropriation. On June 25, 2009, the Borough renewed \$1,180,000 at an annual interest rate of 3.5%, bond anticipation notes and paid \$60,000 in principal on the notes through 2009 budget appropriations. When the notes matured on June 24, 2010, the Borough renewed \$782,000 of the notes at an annual interest rate of 1.75% and issued an additional \$94,000 of notes to finance additional projects. In addition, the Borough paid \$397,100 of principal on the notes through a 2010 budget appropriation. When the notes matured on June 23, 2011, the Borough renewed \$661,350 of the notes at an annual interest rate of 2.00% and issued an additional \$338,650 of notes to finance additional projects. In addition, the Borough paid \$176,932 of principal on the notes through a 2011 budget appropriation and paid \$38,618 of principal on the notes from cash on hand. When the notes matured on June 21, 2012, the Borough renewed \$820,000 of the notes at an annual interest rate of 1.75% and issued an additional \$81,900 of notes to finance additional projects. In addition, the Borough paid \$180,000 of principal on the notes through a 2012 budget appropriation. These notes mature on June 21, 2013.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Short-Term Debt (Continued)

The following is a summary of changes in short-term debt for the year ended December 31, 2012:

	Current Fund	Utility Capital Fund	Total
Balance December 31, 2011	\$ 990,000.00	\$ 10,000.00	\$ 1,000,000.00
Increases	862,900.00	39,000.00	901,900.00
Decreases	<u>990,000.00</u>	<u>10,000.00</u>	<u>1,000,000.00</u>
Balance December 31, 2012	<u>\$ 862,900.00</u>	<u>\$ 39,000.00</u>	<u>\$ 901,900.00</u>

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

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2013	\$ 162,169.69	\$ 15,011.31	\$ 61,959.28	\$ 62,883.97
2014	12,723.16	10,182.84	64,462.49	60,380.77
2015	13,301.83	9,604.17	67,093.77	57,749.59
2016	13,906.81	8,999.19	50,321.53	54,978.47
2017	15,404.88	7,501.12	52,791.75	52,508.25
2018-2022	83,452.85	31,077.15	305,481.91	215,618.09
2023-2027	90,764.71	12,312.29	388,250.84	138,249.16
2028-2032			235,622.39	54,130.61
2033-2037	-	-	120,387.21	15,840.79
2038	-	-	9,461.08	690.92
	<u>\$ 391,723.93</u>	<u>\$ 94,688.07</u>	<u>\$ 1,355,832.25</u>	<u>\$ 713,030.62</u>

NOTE 3: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2012	Balance December 31, 2011
Prepaid Taxes - Cash Liability	<u>\$ 97,645.89</u>	<u>\$ 111,247.19</u>

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 4: PENSION PLANS

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), 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 both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 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 of New Jersey 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 or other state pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation, if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 4: PENSION PLANS (Continued)

For the Public Employees' Retirement System, the Borough's contribution was \$28,126.00 for 2012 and \$31,408.00 for 2011.

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Funded by Excess Pension Asset Credit	Paid by Borough
2012	\$ 8,814.00	\$ 1,685.00	\$ 17,627.00	\$ 28,126.00	\$	\$ 28,126.00
2011	11,256.00	2,217.00	17,935.00	31,408.00	\$	31,408.00
2010	7,001.00	2,218.00	8,995.00	18,214.00	\$	18,214.00

Defined Contribution Retirement Program (DCRP) - The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the Borough's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The Borough has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the year ended December 31, 2012.

NOTE 5: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Borough's bank balance of \$1,414,141.25 as of December 31, 2012, \$27,439.10 was uninsured and uncollateralized.

Investments

For the year ended December 31, 2012, the Borough had no investments.

NOTE 6: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PROPERTY TAXES (Continued)

Tax bills are mailed annually in July. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey Statutes.

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collection from prior years are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparative Schedule of Tax Rates

	2012	2011	2010
Tax Rate	\$ 0.504	\$ 0.486	\$ 0.464
Apportionment of Tax Rate:			
Municipal	0.259	0.261	0.252
County	0.236	0.218	0.206
Local School	0.009	0.007	0.006

Assessed Valuation

2012	\$ 513,079,442.00
2011	512,723,022.00
2010	514,055,978.00

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2012	\$ 2,590,951.28	\$ 2,565,406.70	99.01%
2011	2,491,462.90	2,474,225.85	99.31%
2010	2,387,028.47	2,360,931.64	98.91%

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PROPERTY TAXES (Continued)

Delinquent Taxes and Tax Title Liens						
Year	Tax Title Liens		Delinquent Taxes		Total Delinquent	Percentage of Tax Levy
2012	\$	-	\$	21,429.42	\$ 21,429.42	0.83%
2011		-		17,237.05	17,237.05	0.69%
2010		-		25,194.91	25,194.91	1.06%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2012	\$ -
2011	-
2010	-

NOTE 7: ECONOMIC DEPENDENCY

The Borough of Cape May Point is not economically dependent on any one funding agency within the Borough or the State of New Jersey.

NOTE 8: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2012	\$ 485,902.91	\$ 105,000.00	21.61%
	2011	423,783.29	95,000.00	22.42%
	2010	346,973.94	75,000.00	21.62%
	2009	357,272.37	95,000.00	26.59%
	2008	360,039.33	105,000.00	29.16%
Water & Sewer Utility	2012	104,142.94	60,260.00	57.86%
	2011	97,837.22	68,460.00	69.97%
	2010	140,499.63	80,364.00	57.20%
	2009	121,330.54	71,895.00	59.26%
	2008	116,046.17	60,000.00	51.70%

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2012 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 214.71	Current Fund	Animal Control Fund
1,076.96	Current Fund	Trust Fund - Other
1,482.10	Water & Sewer Operating Fund	Current Fund
<u>\$ 2,773.77</u>		

NOTE 10: FEDERAL AND STATE GRANTS

In the normal course of operations, the Borough receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 11: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012:

	<u>Balance as of December 31, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of December 31, 2012</u>
Buildings and Improvements	\$ 1,050,000.00	\$	\$	\$ 1,050,000.00
Machinery & Equipment	971,994.61	16,638.06		988,632.67
Total	<u>\$ 2,021,994.61</u>	<u>\$ 16,638.06</u>	<u>\$ -</u>	<u>\$ 2,038,632.67</u>

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough of Cape May Point is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation
- General Liability, Law Enforcement Liability
- Employee Benefits Liability
- Public Official Liability
- Property, Real and Personal
- Automobile Liability
- Boiler and Machinery
- Crime, Fidelity

BOROUGH OF CAPE MAY POINT
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 12: RISK MANAGEMENT (Continued)

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. During the year ended December 31, 2012 and 2011 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease. The Joint Insurance Fund issues its own financial report which may be obtained from the Atlantic County Joint Insurance Fund, Arthur J. Gallagher Risk Management Services, Inc., PO Box 530, 6000 Sagemore Drive, Suite 6203, Marlton, NJ 08053.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. The expense for the years ended December 31, 2012 and 2011 was \$15,000.00 and \$8,323.79 respectively.

NOTE 13: LITIGATION

According to the Borough's Solicitor, there are no claims in existence against the Borough that would materially affect the Borough's financial position.

NOTE 14: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 through June 12, 2013 the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

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 the Board of Commissioners
Borough of Cape May Point, 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, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 12, 2013, 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 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, described in the accompanying *schedule of findings and responses* that we consider to be significant deficiencies as items 2012-1 and 2012-2.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* identified in the accompanying *schedule of findings and responses* as 2012-3.

Borough's Responses to Findings

The Borough's response to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. The Borough's response was 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.

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

June 12, 2013

**BOROUGH OF CAPE MAY POINT
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012**

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From	Grant Period To	Grant Award	Unexpended Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance 12/31/12	Accumulated Expenditures
Department of Transportation: Trust Fund Authority Act of 1984; By Formuk Reconstruction of West Lake Drive Total Department of Transportator	6320-480-601385-61	1/1/2012	12/31/2012	\$ 180,000.00	\$ -	\$ 180,000.00	-	\$ -	\$ 180,000.00	\$ -
Department of Community Affairs ADA Renovations to Firehouse Total Department of Community Affairs	N/A	1/1/2007	12/31/2007	400,000.00	4,399.36	-	400.00	28,435.86	32,435.22	367,564.78
Department of Environmental Protector Clean Communities Program Clean Communities Program Clean Communities Program Recycling Tonnage Grant Municipal Stormwater Regulation Grant Total Department of Environmental Protector	4900-765-042-490C 4900-765-042-490C 4900-765-042-490C 4855-100-042-485E N/A	1/1/2012 1/1/2011 1/1/2010 1/1/2011 1/1/2005	12/31/2012 12/31/2011 12/31/2011 12/31/2011 12/31/2005	4,000.00 4,000.00 4,000.00 690.55 6,041.00	340.57 123.86 690.55 3,235.57 4,390.55	4,000.00 - - - 4,000.00	1,629.80 340.57 123.86 930.00 3,024.23	- - - - 28,435.86	2,370.20 - - 690.55 2,305.57 5,366.32 217,801.54	1,629.80 4,000.00 4,000.00 - 3,735.43
Local Assistance Cape May County Municipal Utilities Authority: Recycling Grant Recycling Grant Comcast Technology grant Atlantic County Municipal Joint Insurance Fund Safety Incentive Total Local Assistance	N/A N/A N/A N/A	1/1/2011 1/1/2012 1/1/2011 1/1/2011	12/31/2011 12/31/2012 12/31/2011 12/31/2011	2,287.35 5,152.55 5,000.00 1,800.00	1,572.45 - 5,000.00 1,000.00	5,152.55 - - 800.00	1,572.45 18.55 1,389.03 1,502.46	- - - 0.00	- 5,134.00 3,610.97 297.54 9,042.51	2,287.35 18.55 1,389.03 1,502.46
Total State and Local Assistance				\$ 16,362.36	\$ 189,952.55	\$ 7,906.72	\$ 28,435.86	\$ 226,844.05		

BOROUGH OF CAPE MAY POINT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

Note 1: General

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Cape May Point. The Borough is defined in Note 1 to the Borough's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedule of federal financial assistance and the schedule of state and local financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements – statutory basis. The financial statements – statutory basis present the Grant Fund and Capital Funds on a budgetary basis. The Grant Fund and the Capital Funds are presented in the accompanying schedule on the grant accounting basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>		<u>State</u>		<u>Other</u>		<u>Total</u>
Grant Fund	\$ -	\$	3,024.23	\$	4,482.49	\$	7,506.72
General Capital Fund	-		400.00		-		400.00
Total Financial Assistance	<u>\$ -</u>	\$	<u>3,424.23</u>	\$	<u>4,482.49</u>	\$	<u>7,906.72</u>

Note 4: Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports excluding the recognition of encumbrances as expenditures.

BOROUGH OF CAPE MAY POINT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unqualified Opinion issued on the Financial Statements – Regulatory Basis of Accounting” dated June 12, 2013**

Internal control over financial reporting:

- | | |
|---|------------|
| 1) Material Weakness identified? | No |
| 2) Significant Deficiencies identified? | Yes |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **Yes**

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 the following findings relating to the financial statements – regulatory basis that are required to be reported.

Finding #2012-1:

Our audit of Trust Fund balances found the detail of escrow deposits for Planning and Zoning and Payroll Account deductions does not agree to the amount reflected in the Borough's financial statements.

Criteria:

The Borough should maintain the detail of funds held in escrow that is updated monthly to reflect activity and balances and amounts owed to agencies.

Condition:

The Borough's financial statements reflect a higher balance than the detail list. This indicates there are amounts that cannot be identified.

Cause:

The detailed list being maintained in prior years could not be located and was incomplete. A monthly analysis of trust fund and payroll balances were not maintained.

Effect:

There are unknown and unidentified escrow balances and payroll liabilities reflected in the financial statements.

Recommendation:

That a detail list of escrow balances and monthly payroll liability analysis be maintained that agrees to the amounts reflected in the Borough's financial statements.

Management Response:

Management agrees with this finding.

BOROUGH OF CAPE MAY POINT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

****Finding #2012-2:**

Our audit of payment vouchers found instances where the vouchers are not being approved by the Chief Financial Officer prior to payment being made. Also, some vouchers did not have a claimant's signature.

Criteria:

All vouchers are required to be signed by the Chief Financial Officer and also signed by the claimant prior to payment being made.

Condition:

The Chief Financial Officer signs the checks for payment, however, the vouchers are not being signed prior to payment and the vendor certification is not being obtained in all instances.

Cause:

Borough employees work part time and lack of time needed to obtain signatures may be the cause.

Effect:

Internal controls are weakened by not following proper purchasing procedures.

Recommendation:

That the Chief Financial Officer approve all vouchers for the payment of claims and that the vendor certifications be obtained on all vouchers, prior to payment being made.

Management Response:

Management agrees with this finding.

Finding # 2012-3:

The Borough overexpended an appropriation reserve line item at December 31, 2012.

Criteria:

Sufficient appropriation balances should exist prior to the issuance of any purchase order for goods or services.

Condition:

An overexpenditure of appropriations was noted in the current fund against 2011 appropriation reserves as of December 31, 2012.

Cause:

Audit adjustments were made in 2011 to reflect all charges against the 2011 budget and the Borough did not correct the balances that rolled over into 2012 for these adjustments.

BOROUGH OF CAPE MAY POINT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

Effect:

Overexpenditures of appropriations are not permitted by law (NJSA 40A:4-57) and are deferred charges to be raised in the budget of the succeeding year.

Recommendation:

That internal controls be strengthened to eliminate overexpenditures of appropriations.

Management Response:

Management agrees with this finding.

STATUS OF PRIOR YEAR FINDINGS

Financial Statements:

****2011-02:**

In June, 2011 it was discovered that there was \$2,955 of un-deposited checks, received for the Junior Lifeguard Camp, that were originally received in June and July, 2010. Also, the lifeguards retain money from a soda machine and use the money to pay for the sodas and other items.

Criteria:

Per N.J.S. 40A:5-15, all moneys received from any source by or on behalf of any local unit or any Board or Department thereon shall, within 48 hours after the receipt thereof, be turned over to the Chief Financial Officer or deposited to the credit of the local unit in its designated legal depository.

Condition:

The Borough has deposited the checks subsequent to the prior year audit and the soda machine is no longer being used by the lifeguards.

Cause:

The lifeguards were unaware of the 48 hour deposit requirement.

Effect:

Violation of N.J.S. 40A:5-15.

Recommendation:

That all funds be turned over to the Chief Financial Officer or deposited to the credit of the Borough in its designated legal depository within 48 hours of receipt.

Status of Finding:

Corrective action has been taken.

2011-3:

The Borough's general ledger is not being monitored properly by the Chief Financial Officer which resulted in a significant number of mispostings and audit adjustments at year end.

Criteria:

The General Ledger is the official permanent record of the municipality which provides a summary of all financial transactions. State Technical Accounting Directives require that an accurate General Ledger be maintained.

BOROUGH OF CAPE MAY POINT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

STATUS OF PRIOR YEAR FINDINGS (CONTINUED)

Financial Statements:

Condition:

Adjusting entries were not made throughout 2011.

Cause:

The Chief Financial Officer is not monitoring or reconciling General Ledger activity throughout the year.

Effect:

There is more than a remote likelihood of a material misstatement of the financial statements that will not be prevented or detected timely.

Recommendation:

That the general ledger be monitored properly by the Chief Financial Officer and that any adjustments, necessary to correctly reflect the financial transactions, be made.

Status of Finding:

Corrective action has been taken.

****2011-05:**

Our audit found expenditures charged to the wrong accounting period.

Criteria:

Expenditures should be charged to the accounting period in which the liability or commitment is incurred.

Condition:

We noted two separate disbursements for services charged to the wrong budget year. Both items are charged to 2011 while the invoice shows them to be 2010 expenses.

Cause:

The Borough has an encumbrance system but due to the part time nature of employees, it is not being fully implemented.

Effect:

Some expenditures were not charged to the proper accounting period.

Recommendation:

That all purchase orders at or near year end be carefully reviewed so that they are charged to the proper accounting period.

Status of Finding:

Corrective action has been taken.

**** Denotes a similar recommendation was made in the prior year**

BOROUGH OF CAPE MAY POINT
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund	Federal and State Grant Fund
	A	\$	\$
Balance December 31, 2011		621,641.46	12,074.78
Increased By Receipts:			
Collector		2,567,607.84	
Revenue Accounts Receivable		304,244.29	
Federal and State Grants Receivable			9,952.55
Due from Animal Control Fund	A-11		
Other Trust Receipts in Current Fund		311.52	
Due from Trusts - Other		8,411.80	
State Training Fees - Due to Trusts - Other		18,825.78	
Prepaid Beach Tags		1,648.00	
Due from State - Senior Citizens & Veterans Deductions		1,366.90	
Due to State - Marriage Licenses		5,750.00	
		200.00	
		<u>2,908,366.13</u>	<u>9,952.55</u>
		3,530,007.59	22,027.33
Decreased By Disbursements:			
2011 Appropriations		1,524,653.82	
2010 Appropriation Reserves		21,013.82	
Payroll Taxes Payable			
County Taxes		1,202,905.39	
County Added and Omitted Taxes		933.17	
Local District School Tax		16,155.00	
Reserve for Codification of Ordinances		9,800.00	
Due to Water and Sewer Operating Fund		6,794.11	
Other Trust Disbursements in Current Fund		42,299.51	
State Training Fees - Due to Trusts - Other		1,154.00	
Due to State - Marriage Licenses		125.00	
State Dog License Fees paid from Current Fund		24.00	
Change Fund		200.00	
Due to Trust Fund - Other			625.00
Federal and State Expenditures	A-13		7,506.72
		<u>2,826,057.82</u>	<u>8,131.72</u>
Balance December 31, 2012	A	\$ 703,949.77	\$ 13,895.61

BOROUGH OF CAPE MAY POINT
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2011	<u>Ref.</u> A		\$	-
Increased By Receipts:				
Taxes Receivable		\$ 2,465,646.56		
Revenue Accounts Receivable		3,969.95		
Tax Overpayments		345.44		
Prepaid Taxes		<u>97,645.89</u>		
				<u>2,567,607.84</u>
				2,567,607.84
Decreased By Disbursements:				
Payment to Treasurer		<u>2,567,607.84</u>		
				<u>2,567,607.84</u>
Balance December 31, 2012	A		\$	<u><u>-</u></u>

BOROUGH OF CAPE MAY POINT
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Cancelled	Transferred To Tax Title Liens	Balance Dec. 31, 2012
2011	\$ 17,237.05	\$ -	-	-	17,237.05	\$ -	\$ -	\$ -
	<u>17,237.05</u>				<u>17,237.05</u>			
2012		2,590,951.28		111,247.19	2,454,159.51	4,115.16		21,429.42
	<u>\$ 17,237.05</u>	<u>\$ 2,590,951.28</u>	<u>\$ -</u>	<u>\$ 111,247.19</u>	<u>\$ 2,471,396.56</u>	<u>\$ 4,115.16</u>	<u>\$ -</u>	<u>\$ 21,429.42</u>
Ref.	A							A

\$ 2,465,646.56 Taxes Receivable
 5,750.00 Senior Citizens and Veterans
\$ 2,471,396.56

Analysis of 2012 Property Tax Levy

Tax Yield:
 General Property Tax
 Added Taxes (54:4-63.1 et seq.)

\$ 2,583,846.60
 7,104.68
\$ 2,590,951.28

Tax Levy:
 Local District School Tax:
 Levy
 Addition to Local District School Tax

\$ 42,430.00
 -
\$ 42,430.00

County Taxes
 County Taxes Added and Omitted

1,202,905.39
 2,355.75
1,205,261.14

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

1,323,946.03
 19,314.11
1,343,260.14
\$ 2,590,951.28

BOROUGH OF CAPE MAY POINT
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Ref.	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Other - Rental	\$ -	\$ 46,245.00	\$ 46,245.00	\$ -
Municipal Court - Fines and Costs	516.00	1,696.72	2,212.72	-
Interest and Costs on Taxes	-	3,969.95	3,969.95	-
Interest on Investments and Deposits	-	834.92	834.92	-
Energy Receipts Tax	-	26,176.00	26,176.00	-
Uniform Construction Code Fees	-	37,948.00	37,948.00	-
Rental Licenses (offset)	-	5,500.00	5,500.00	-
Beach Fees	-	145,617.60	145,617.60	-
Miscellaneous Revenue Not Anticipated	-	41,604.42	41,604.42	-
TOTALS	\$ 516.00	\$ 309,592.61	\$ 310,108.61	\$ -
Ref.	A			
Treasurer			\$ 304,244.29	
Prepayments Applied			1,865.60	
Due from Animal Control Fund			0.48	
Due from Trusts - Other			28.29	
Tax Collector			3,969.95	
			<u>\$ 310,108.61</u>	

BOROUGH OF CAPE MAY POINT
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Department of Revenue and Finance:					
Financial Administration					
Other Expenses	\$ -	\$ -	\$ 292.90	\$ -	\$ 292.90
Annual Audit					
Other Expenses	2,460.00	2,460.00	2,460.00	-	
Computer Operations					
Other Expenses	166.93	166.93	117.25	49.68	
Planning Board					
Other Expenses	3,348.53	3,348.53	498.00	2,850.53	
Group Insurance					
Other Expenses	3,076.84	3,076.84	3,076.84	-	
Cape May Point Environmental Commission					
Other Expenses	308.00	308.00	154.38	153.62	
Public Affairs and Public Safety:					
Beach Fee Program					
Other Expenses	350.54	350.54	150.00	200.54	
First Aid Organization					
Other Expenses	6,786.17	6,786.17	4,520.43	2,265.74	
Dog Damage					
Other Expenses	498.40	498.40	252.20	246.20	
Public Works:					
Public Works Maintenance					
Other Expenses	1,367.00	1,367.00	1,367.00	-	
Garbage and Trash Removal					
Other Expenses	7,143.04	7,143.04	2,470.00	4,673.04	
Public Buildings and Grounds					
Other Expenses	6,732.15	6,732.15	4,402.77	2,329.38	

BOROUGH OF CAPE MAY POINT
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>	<u>Overexpended</u>
	<u>Dec. 31, 2011</u>	<u>After</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>	
		<u>Transfers</u>	<u>Transfers</u>			
Utility Expenses and Bulk Purchases:						
Electricity	\$ 762.41	\$ 762.41	\$ 762.41	\$ 762.41	\$ -	\$
Street Lighting	2,638.60	2,638.60	2,638.60	44.66	2,593.94	
Telephone	1,072.27	1,072.27	1,072.27	444.98	627.29	
Other Accounts - No Change	<u>33,654.42</u>		<u>33,654.42</u>		<u>33,654.42</u>	
TOTALS	<u>\$ 70,365.30</u>	<u>\$ 70,365.30</u>	<u>\$ 70,365.30</u>	<u>\$ 21,013.82</u>	<u>\$ 49,644.38</u>	<u>\$ 292.90</u>
Ref.	A			A-4	A-1	
Reserve for Encumbrances	\$ 11,194.79					
Appropriation Reserves	<u>59,170.51</u>					
	<u>\$ 70,365.30</u>					

BOROUGH OF CAPE MAY POINT
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Unappropriated Reserves</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
State:						
Water Conservation Grant	\$ 570.00	\$ -	\$ -	\$ -	\$ -	\$ 570.00
Clean Communities Program - 2012	-	4,000.00	4,000.00	-	-	-
Recycling Tonnage Grant - 2011	-	690.55	-	690.55	-	-
N.J. Transportation Trust Fund - West Lake	-	180,000.00	-	-	180,000.00	-
Local:						
Joint Insurance Fund - Safety Incentive	-	1,800.00	800.00	1,000.00	-	-
Comcast Technology Grant	-	5,000.00	-	5,000.00	-	-
Cape May County MUA - Recycling	-	5,152.55	5,152.55	-	-	-
TOTALS	\$ 570.00	\$ 196,643.10	\$ 9,952.55	\$ 6,690.55	\$ 180,000.00	\$ 570.00
Ref.	A					A

**BOROUGH OF CAPE MAY POINT
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATE**

<u>Purpose</u>	Balance Dec. 31, 2011	Received	Transferred to 2012 Budget Appropriations	Balance Dec. 31, 2012
State: Recycling Tonnage Grant - 2011	\$ 690.55	\$	690.55	-
Local: Joint Insurance Fund - Safety Incentive	1,000.00		1,000.00	-
Comcast Technology Grant	5,000.00		5,000.00	-
TOTALS	<u>\$ 6,690.55</u>	<u>\$ -</u>	<u>6,690.55</u>	<u>-</u>
Ref.				A

**BOROUGH OF CAPE MAY POINT
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	Balance Dec. 31, 2011	Budget Appropriations	Expended	Canceled	Balance Dec. 31, 2012
State:					
Recycling Tonnage Grant:					
2011	\$	690.55	\$		690.55
Municipal Court Alcohol Education Program					
2005	6.51				6.51
2010	50.27				50.27
Clean Communities Program					
2010	123.86		123.86		-
2011	340.57		340.57		-
2012		4,000.00	1,629.80		2,370.20
Municipal Stormwater Regulation					
2005	3,235.57		930.00		2,305.57
N.J. Transportation Trust Fund					
West Lake Drive - 2012	-	180,000.00		180,000.00	-
Local:					
Joint Insurance Fund - Safety Incentive					
2011	-	1,800.00	1,502.46		297.54
Cape May County MUA - Recycling					
2011	1,572.45		1,572.45		-
2012	-	5,152.55	18.55		5,134.00
Comcast Technology Grant					
2011	-	5,000.00	1,389.03		3,610.97
TOTALS	\$ 5,329.23	\$ 196,643.10	\$ 7,506.72	\$ 180,000.00	\$ 14,465.61
Ref.	A				A

BOROUGH OF CAPE MAY POINT
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B		\$	439.45
Increased By Receipts:				
Dog Licenses Fees		\$		255.30
Cat License Fees				18.20
Miscellaneous				20.00
State License Fees				18.00
Interest Earned on Deposits - Due Current Fund				0.48
				311.98
				751.43
Decreased By Disbursements:				
Paid to Current Fund				311.52
				311.52
Balance December 31, 2012	B		\$	439.91

BOROUGH OF CAPE MAY POINT
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B	\$	111,326.04
Increased By Receipts:			
Housing Fees - COAH	\$	25,828.50	
Developers Escrow Fees		17,442.89	
Due from Grant Fund		625.00	
Interest Earned on Deposits - Trust Funds		65.32	
Interest Earned on Deposits - Due Current Fund		28.29	
		<hr/>	43,990.00
			<hr/> 155,316.04
Decreased By Disbursements:			
Housing Expenses		1,753.50	
Due to Current Fund - Trusts Other		18,825.78	
		<hr/>	20,579.28
Balance December 31, 2012	B	\$	<u><u>134,736.76</u></u>

BOROUGH OF CAPE MAY POINT
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2011	<u>Ref.</u> B		\$	128.20
Increased By:				
Dog Licenses Fees Collected		\$		255.30
Cat License Fees Collected				18.20
Miscellaneous				20.00
				<u>293.50</u>
				421.70
Decreased By Disbursements:				
Statutory Excess Due to Current Fund				<u>190.50</u>
				190.50
Balance December 31, 2012	B		\$	<u><u>231.20</u></u>

License Fees Collected	<u>Year</u>			
	2010	\$		60.00
	2011			171.20
		\$		<u><u>231.20</u></u>

BOROUGH OF CAPE MAY POINT
TRUST FUND
SCHEDULE OF DUE FROM/(TO) CURRENT FUND - ANIMAL CONTROL FUND

	<u>Ref.</u>		
Balance December 31, 2011	<u>B</u>		\$ (311.25)
Increased By:			
Disbursement to Current Fund		\$ 311.52	
		<u>311.52</u>	<u>311.52</u>
			0.27
Decreased By:			
Statutory Excess - Due to Current Fund		190.50	
Paid to State of New Jersey		24.00	
Interest Earned on Deposits		<u>0.48</u>	
			<u>214.98</u>
Balance December 31, 2012	B		\$ <u><u>(214.71)</u></u>

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>		
Balance December 31, 2011	<u>B</u>		\$ -
Increased By:			
Collected in 2012		\$ 18.00	
		<u>18.00</u>	<u>18.00</u>
Decreased By:			
Paid to State of New Jersey - Due to Current Fund		<u>24.00</u>	
			<u>24.00</u>
Balance December 31, 2012	B		\$ <u><u>(6.00)</u></u>

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> C		\$	444,402.78
Increased By Receipts:				
Budget Appropriations:				
Capital Improvement Fund		\$		40,000.00
Bond Anticipation Notes				42,900.00
				<u>82,900.00</u>
				527,302.78
Decreased By Disbursements:				
Improvement Authorizations				
				<u>279,332.10</u>
Balance December 31, 2012	C		\$	<u><u>247,970.68</u></u>

**BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To		
Fund Balance	\$ 1,736.33								\$ 1,736.33
Capital Improvement Fund	259,322.98		40,000.00			9,500.00			289,822.98
Reserve for Encumbrances	84,007.86					84,007.86	72.00		72.00
Improvement Authorizations									
Ord. Number									
466-03	Acquisition by Foreclosure or Purchase of Various Properties	(13.93)							(13.93)
470-03	Supplemental Appropriation for the Restoration of Lake Lily	247.87	400.00	659.32					(11.45)
516-06	Various Capital Improvements								
	b) Improvements to Beach Entranceway	1,629.05							1,629.05
533-07	Various Capital Improvements								
	b) Areation of Lake Lily	1,185.75		1,179.48					6.27
535-07	Renovation of Borough Fire Station	(49,608.64)		400.00		72.00	28,507.86		(21,572.78)
546-08	Various Capital Improvements								
	a) Improvements to Beach Entranceways	3,775.46							3,775.46
584-10	Various Capital Improvements								
	a) Surveillance System	15,298.66		3,690.30					11,608.36
	b) Purchase Beach Vehicle	7,752.01		1,972.30					5,779.71
	c) Construction of new Public Works Building	3,120.00		58,500.00			55,500.00		120.00
	d) Beach Renourishment	136,122.99		115,484.04					20,638.95
595-11	Various Capital Improvements								
	a) Public Works Equipment	(20,857.82)	33,300.00	475.00					11,967.18
	b) Addition to Surveillance System	684.21	9,200.00						9,884.21
606-12	Various Capital Improvements								
	a) Beach Renourishment Project			84,247.01			6,000.00		(78,247.01)
	b) Resurface West Lake Drive			12,724.65			3,000.00		(9,724.65)
	c) Purch. Portable WHF Radios						500.00		500.00
		\$ 444,402.78	\$ 42,900.00	\$ 40,000.00	\$ 279,332.10	\$ 93,579.86	\$ 93,579.86	\$ 247,970.68	

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> C		\$ 259,322.98
Increased By:			
2012 Budget Appropriation		\$ 40,000.00	
		<hr/>	<hr/>
			40,000.00
			<hr/>
			299,322.98
Decreased By:			
Appropriation to Finance Improvement Authorizations		9,500.00	
		<hr/>	<hr/>
			9,500.00
Balance December 31, 2012	C		\$ <u><u>289,822.98</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	<u>Ref.</u> C		\$ 553,364.19
Increased By:			
No Activity in 2012		\$ <u> -</u>	
			<hr/>
			553,364.19
Decreased By:			
Serial Bonds Paid		150,000.00	
Loans Payable Paid		11,640.26	
		<hr/>	<hr/>
			161,640.26
Balance December 31, 2012	C		\$ <u><u>391,723.93</u></u>

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
466-03	Acquisition by Foreclosure or Purchase of Various Properties	\$ 9,013.93	\$ -	\$ -	\$ 9,013.93	\$ 9,000.00	\$ 13.93	\$ 0.00
470-03	Supplemental Appropriation for the Restoration of Lake Lily	3,470.00			3,470.00	3,400.00	11.45	58.55
495-05	Installation of Irrigation System on Southern Side of Lake Lily	6,662.00		6,662.00	-			-
499-05	Various Capital Improvements:							
	a) Purchase of Traffic Speed Monitors	4,100.00		4,100.00	-			-
	b) Purchase of Street Signs	13,800.00		13,800.00	-			-
	c) Landscaping Improvements to entrance of Cape Avenue	7,800.00		7,800.00	-			-
516-06	Various Capital Improvements							
	a) Purchase of Computer Hardware and Software	16,600.00		16,600.00	-			-
	b) Improve Beach Entranceway	16,800.00		16,800.00	-			-
	c) Purch of a Four-Wheel Drive Truck	25,400.00		25,400.00	-			-
	d) Purch of Equipment for the Beach	2,300.00		2,300.00	-			-
	e) Purchase of New Telephone System	4,400.00		4,400.00	-			-
	f) Construct Bird Observatory Parking and Road Shoulder Improvements	10,400.00		10,400.00	-			-
519-06	Construction of a New Recreational/Educational Park	13,000.00		13,000.00	-			-
524-06	Survey of Historic House	37,000.00		23,800.00	13,200.00	13,200.00		-
529-07	Purchase of Fire Truck	353,000.00		19,442.00	333,558.00	333,558.00		-
533-07	Various Capital Improvements							
	b) Areation of Lake Lily	26,300.00		1,100.00	25,200.00	25,200.00		-
	c) Purchase and Construction of Lifeguard Equipment	3,238.00		396.00	2,842.00	2,842.00		-

**BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance		Unexpended Improvement Authorization
						Bond Anticipation Notes	Expenditures	
535-07	Renovation of Borough Fire Station	\$ 90,200.00	\$	\$ 4,000.00	\$ 86,200.00	\$	\$	\$ -
546-08	Various Capital Improvements							
	a) Improvements to Beach Entranceways	13,700.00			13,700.00			-
	b) Purchase of Beach Equipment	12,300.00			12,300.00			-
	c) Upgrade of Municipal Financial Software	3,100.00			3,100.00			-
	e) Purchase of Beach Chairs	1,500.00			1,500.00			-
584-10	Various Capital Improvements							
	a) Surveillance System	68,400.00			68,400.00			-
	b) Purchase Beach Vehicle	37,050.00			37,050.00			50.00
	c) Construction of new Public Works Building	57,000.00			57,000.00			-
	d) Beach Renourishment	154,000.00			154,000.00			-
595-11	Various Capital Improvements							
	a) Public Works Equipment	33,300.00			33,300.00			-
	b) Addition to Surveillance System	9,200.00			9,200.00			-
606-12	Various Capital Improvements							
	a) 2013 Beach Renourishment Project		114,000.00		114,000.00		78,247.01	35,752.99
	b) Resurfacing of West Lake Drive		60,000.00		60,000.00			60,000.00
	c) Purchase of Portable WHF Radios		4,500.00		4,500.00			4,500.00
		<u>\$ 1,033,033.93</u>	<u>\$ 178,500.00</u>	<u>\$ 170,000.00</u>	<u>\$ 1,041,533.93</u>	<u>\$ 862,900.00</u>	<u>\$ 78,272.39</u>	<u>\$ 100,361.54</u>
		C			C	C-9		
Ref.								
	Improvement Authorizations - Unfunded							\$ 170,957.47
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued							
	Ordinance 533-07						\$ 6.27	
	Ordinance 535-07						7,500.00	
	Ordinance 546-08						3,775.46	
	Ordinance 584-10						38,147.02	
	Ordinance 595-11						21,167.18	
								<u>\$ 70,595.93</u>
								<u>\$ 100,361.54</u>

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012 Date	Interest Rate	Balance Dec. 31, 2011	Maturities of Bonds		Balance Dec. 31, 2012
						Increased	Decreased	
General Bonds, Series 2002	4/1/2002	\$ 1,375,000	3/15/2013 \$ 150,000.00	5.70%	\$ 300,000.00	\$	\$ 150,000.00	\$ 150,000.00
					\$ <u>300,000.00</u>	\$	\$ <u>150,000.00</u>	\$ <u>150,000.00</u>
				Ref.	C		C	C

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. LOANS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				
			Outstanding December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Balance Dec. 31, 2012	
			Date	Amount	Rate	Dec. 31, 2011	Dec. 31, 2012
Municipal Building #2	6/6/1997	\$ 75,000	6/6/2013	\$ 1,209.48	4.500%	\$ 50,539.62	\$ 48,199.72
			12/6/2013	1,236.62			
			6/6/2014	1,264.36			
			12/6/2014	1,292.73			
			6/6/2015	1,321.74			
			12/6/2015	1,351.40			
			6/6/2016	1,381.72			
			12/6/2016	1,412.73			
			6/6/2017	2,291.00			
			12/6/2017	1,495.83			
			6/6/2018	1,529.40			
			12/6/2018	1,563.71			
			6/6/2019	1,598.80			
			12/6/2019	1,634.67			
			6/6/2020	1,671.35			
			12/6/2020	1,708.86			
			6/6/2021	1,747.20			
			12/6/2021	1,786.40			
			6/6/2022	1,826.49			
			12/6/2022	1,867.47			
			6/6/2023	1,909.37			
			12/6/2023	1,952.22			
			6/6/2024	1,996.02			
			12/6/2024	2,040.81			
			6/6/2025	2,086.60			
			12/6/2025	2,133.42			
			6/6/2026	2,181.29			
			12/6/2026	2,230.24			
			6/6/2027	477.79			
						\$ -	\$ 2,339.90
						\$ 50,539.62	\$ 48,199.72
						C	C

**BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
466-03	Acquisition by Foreclosure or Purchase of Various Properties	6/29/2006	6/21/2012	6/21/2013	1.75% \$	9,000.00 \$	9,000.00 \$	9,000.00 \$	9,000.00
470-03	Supplemental Appropriation for the Restoration of Lake Lily	6/29/2006	6/21/2012	6/21/2013	1.75%	3,000.00	3,400.00	3,000.00	3,400.00
495-05	Installation of Irrigation System on Southern Side of Lake Lily	6/29/2006	6/21/2012	6/21/2013	1.75%	6,662.00		6,662.00	-
499-05	Various Capital Improvements: a) Purchase of Traffic Speed Monitors b) Purchase of Street Signs c) Landscaping Improvements to entrance of Cape Avenue	6/29/2006	6/21/2012	6/21/2013	1.75%	4,100.00 13,800.00 7,800.00		4,100.00 13,800.00 7,800.00	- - -
516-06	Various Capital Improvements a) Purchase of Computer Hardware and Software b) Improve Beach Entranceway c) Purch of a Four-Wheel Drive Truck d) Purch of Equipment for the Beach e) Purchase of New Telephone System f) Construct Bird Observatory Parking and Road Shoulder Improvements	6/29/2006	6/21/2012	6/21/2013	1.75%	16,600.00 16,800.00 25,400.00 2,300.00 4,400.00 10,400.00		16,600.00 16,800.00 25,400.00 2,300.00 4,400.00 10,400.00	- - - - - -
519-06	Constr. a New Recreation/Educ. Park	6/24/2010	6/21/2012	6/21/2013	1.75%	13,000.00		13,000.00	-
524-06	Survey of Historic House	6/24/2010	6/21/2012	6/21/2013	1.75%	37,000.00	13,200.00	37,000.00	13,200.00
533-07	Various Capital Improvements b) Areation of Lake Lily c) Purchase and Construction of Lifeguard Equipment	6/29/2007	6/21/2012	6/21/2013	1.75%	26,300.00 3,238.00	25,200.00 2,842.00	26,300.00 3,238.00	25,200.00 2,842.00
529-07	Purchase of Fire Truck	6/26/2008	6/21/2012	6/21/2013	1.75%	353,000.00	333,558.00	353,000.00	333,558.00
535-07	Renovation of Borough Fire Station	6/26/2008	6/21/2012	6/21/2013	1.75%	90,200.00	86,200.00	90,200.00	86,200.00
546-08	Various Capital Improvements a) Improve. Beach Entranceways b) Purchase of Beach Equipment c) Upgrade of Munic. Financial Software e) Purchase of Beach Chairs	6/24/2010	6/21/2012	6/21/2013	1.75%	13,700.00 12,300.00 3,100.00 1,500.00	13,700.00 12,300.00 3,100.00 1,500.00	13,700.00 12,300.00 3,100.00 1,500.00	13,700.00 12,300.00 3,100.00 1,500.00

**BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
584-10	Various Capital Improvements	6/23/2011	6/21/2012	6/21/2013	1.75%	\$ 68,400.00	\$ 68,400.00	\$ 68,400.00	\$ 68,400.00
	a) Surveillance system					\$ 37,000.00	\$ 37,000.00	\$ 37,000.00	\$ 37,000.00
	b) Purchase Beach Vehicle					\$ 57,000.00	\$ 57,000.00	\$ 57,000.00	\$ 57,000.00
	c) Construct New Public Works Building					\$ 154,000.00	\$ 154,000.00	\$ 154,000.00	\$ 154,000.00
	d) Beach Renourishment								
595-11	Various Capital Improvements	6/21/2012	6/21/2012	6/21/2013	1.75%		33,300.00		33,300.00
	a) Public Works Equipment						9,200.00		9,200.00
	b) Addition to Surveillance System								
					Ref.	\$ 990,000.00	\$ 862,900.00	\$ 990,000.00	\$ 862,900.00
						C			C
					Issued for Cash	\$ 42,900.00	\$ -	\$ -	\$ -
					Renewals	820,000.00	820,000.00	820,000.00	820,000.00
					Paid by Budget Appropriation	-	-	170,000.00	170,000.00
						\$ 862,900.00	\$ 862,900.00	\$ 990,000.00	\$ 990,000.00

BOROUGH OF CAPE MAY POINT
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bond Anticipation Notes Issued	Authorizations Canceled	Balance Dec. 31, 2012
466-03	Acquisition by Foreclosure or Purchase of Various Properties	\$ 13.93	\$	\$	\$	13.93
470-03	Supplemental Appropriation for the Restoration of Lake Lily	470.00		400.00		70.00
584-10	Various Capital Improvements b) Purchase Beach Vehicle	50.00				50.00
595-11	Various Capital Improvements a) Public Works Equipment b) Addition to Surveillance System	33,300.00 9,200.00		33,300.00 9,200.00		- -
606-12	Various Capital Improvements a) 2013 Beach Renourishment Project b) Resurfacing of West Lake Drive c) Purchase of Portable WHF Radios		114,000.00 60,000.00 4,500.00			114,000.00 60,000.00 4,500.00
		<u>\$ 43,033.93</u>	<u>\$ 178,500.00</u>	<u>\$ 42,900.00</u>	<u>\$ -</u>	<u>\$ 178,633.93</u>
	Ref.	C				C

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY FUNDS
SCHEDULE OF CASH**

	Ref.	Operating	Capital
	D	\$	\$
Balance December 31, 2011		191,058.80	-
Increased by Receipts:			
Water and Sewer Rent Collected	\$	583,167.30	
Interest Earned on Deposits		311.88	
Miscellaneous Revenue Not Anticipated		4,790.95	
Utility Rent Overpayments		48,902.35	
Utility Rent Prepayments		490.34	
Due from Current Fund		6,794.11	
Due from Water and Sewer Capital Fund		15,397.85	
Bond Anticipation Notes			39,000.00
Budget Appropriations:			
Deferred Charges			11,000.00
		<u>659,854.78</u>	<u>50,000.00</u>
		850,913.58	50,000.00
Decreased by Disbursements:			
Current Appropriations		536,551.78	
Accrued Interest on Bonds and Notes		65,466.76	
Appropriation Reserves		8,130.24	
Due from Current Fund			
Due to Water and Sewer Operating Fund			15,397.85
Improvement Authorizations			
		<u>610,148.78</u>	<u>15,397.85</u>
Balance December 31, 2012	D	\$ <u>240,764.80</u>	\$ <u>34,602.15</u>

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements			
	Balance Dec. 31, 2011	Budget Appropriation	Bond Antic. Notes	Misc.	Improvement Authorizations	Misc.	Balance Dec. 31, 2012
Fund Balance	\$ 4,465.70	\$	\$	\$	\$	\$	4,465.70
Capital Improvement Fund	5,250.00						5,250.00
Due to Water and Sewer Operating Fund	15,397.85					15,397.85	-
<u>Improvement Authorizations</u>							
Ord.							
Number							
360-96	Water Main Reconstruction and Lateral Improvements						19,633.75
414-99	Lateral Improvements						4,795.00
504-05	Rehabilitation of the Pavillion						-
536-07	Circle Pump Station - Supplement						457.70
591-11	Improvements to Water Tower	11,000.00		39,000.00			-
	Purchase of Backhoe						-
		\$ 11,000.00	\$ 39,000.00	\$ -	\$ -	\$ 15,397.85	\$ 34,602.15
Ref.		D	D	D	D	D	D

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2011	<u>Ref.</u> D		\$ 33,168.24
Increased By:			
2012 Rents Levied		\$ 633,828.22	
Penalties Assessed		<u>4,195.52</u>	
			<u>638,023.74</u>
			671,191.98
Decreased By:			
Collections - Rents		583,167.30	
Collections - Penalties		4,296.53	
Overpayments Applied		67.11	
Prepayments Applied		<u>60,739.10</u>	
			<u>648,270.04</u>
Balance December 31, 2012	D		\$ <u><u>22,921.94</u></u>

SCHEDULE OF UTILITY LIENS

Balance December 31, 2011	<u>Ref.</u> D		\$ -
Increased By:			
No Activity in 2012			
			<u>-</u>
			-
Decreased By:			
No Activity in 2012			
			<u>-</u>
Balance December 31, 2012	D		\$ <u><u>-</u></u>

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011**

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Other Expenses	\$ 23,410.77	\$ 23,410.77	\$ 130.24	\$ 23,280.53	\$ -
Capital Outlay	13,098.39	13,098.39	8,000.00	5,098.39	-
Other Accounts - No Changes	684.53	684.53		684.53	-
TOTALS	<u>\$ 37,193.69</u>	<u>\$ 37,193.69</u>	<u>\$ 8,130.24</u>	<u>\$ 29,063.45</u>	<u>\$ -</u>
Ref.					
Reserve for Encumbrances	\$ 8,130.24				
Appropriation Reserves	<u>29,063.45</u>				
	\$ 37,193.69				
Accounts Payable			\$ -		
Cash Disbursed			<u>8,130.24</u>		
			\$ 8,130.24		

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY FUND
SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> D	\$ 5,250.00
Increased By:		
No Activity in 2012	\$	
	_____	-
		<u>5,250.00</u>
Decreased By:		
No Activity in 2012		
	_____	-
Balance December 31, 2012	D	<u>\$ 5,250.00</u>

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS,
NOTES AND LOANS PAYABLE AND ANALYSIS OF BALANCE**

Balance December 31, 2011	<u>Ref.</u> D		\$	18,860.74
Increased By:				
Budget Appropriation:				
Interest on Bonds, Notes and Loans		\$		65,033.14
				65,033.14
				83,893.88
Decreased By:				
Interest Paid on Bonds and Loans				65,466.76
				65,466.76
Balance December 31, 2012	D		\$	18,427.12

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
\$ 752,956.71	5.00%	9/23/2011	12/31/2011	99	\$ 10,211.33
306,119.83	4.50%	7/2/2011	12/31/2011	182	6,868.83
240,514.71	4.50%	12/14/2011	12/31/2011	17	504.09
56,241.00	Variable	8/1/2011	12/31/2011	153	485.73
39,000.00	1.75%	6/29/2011	12/31/2011	191	357.14
\$ 1,394,832.25					\$ 18,427.12

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2011		2012 Authorizations			Balance December 31, 2012	
				Funded	Unfunded	Deferred Charges to Future Revenue	Other	Paid or Charged	Funded	Unfunded
360-96	Water Main Reconstruction and Lateral Improvements	4/11/1996	\$ 375,000.00	\$ 19,633.75	\$ -	\$ -	\$ -	\$ -	\$ 19,633.75	\$ -
414-99	Lateral Improvements to Water and Sewer Utility	5/13/1999	9,000.00	4,795.00	-	-	-	-	4,795.00	-
536-07	Improvements to Water Tower	7/12/2007	125,000.00	-	50,457.70	-	-	-	-	50,457.70
				\$ 24,428.75	\$ 50,457.70	\$ -	\$ -	\$ -	\$ 24,428.75	\$ 50,457.70
			Ref.							
				<u>D</u>	<u>D</u>				<u>D</u>	<u>D</u>

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF U.S.R.D.A. LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans						
			Date	Outstanding December 31, 2012 Amount	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
Construction of Municipal Water Storage Tank	12/14/1994	\$ 320,500	6/14/2013	\$ 3,265.42	4.50%	\$ 246,831.57	\$	6,316.86	\$ 240,514.71
			12/14/2013	3,338.89					
			6/14/2014	3,414.02					
			12/14/2014	3,490.83					
			6/14/2015	3,569.38					
			12/14/2015	3,649.69					
			6/14/2016	3,731.81					
			12/14/2016	3,815.77					
			6/14/2017	3,901.63					
			12/14/2017	3,989.41					
			6/14/2018	4,079.18					
			12/14/2018	4,170.96					
			6/14/2019	4,264.80					
			12/14/2019	4,360.76					
			6/14/2020	4,458.88					
			12/14/2020	4,559.20					
		6/14/2021	4,661.79						
		12/14/2021	4,766.68						
		6/14/2022	4,873.93						
		12/14/2022	4,983.59						
		6/14/2023	5,095.72						
		12/14/2023	5,210.37						
		6/14/2024	5,327.61						
		12/14/2024	5,447.48						
		6/14/2025	5,570.05						
		12/14/2025	5,695.37						
		6/14/2026	5,823.52						
		12/14/2026	5,954.55						
		6/14/2027	6,088.53						
		12/14/2027	6,225.52						
		6/14/2028	6,365.59						
		12/14/2028	6,508.82						
		6/14/2029	6,655.27						
		12/14/2029	6,805.01						

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF U.S.R.D.A. LOAN PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans					
			Outstanding December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Balance Dec. 31, 2012		
			Date	Amount	Rate	Increased	Decreased	
Water and Sewer Rehabilitation Loan	7/2/1998	\$ 375,000	1/2/2013	\$ 3,268.69	4.50%	\$ 312,443.01	\$ 6,323.18	\$ 306,119.83
			7/2/2013	3,342.24				
			1/2/2014	3,417.44				
			7/2/2014	3,494.33				
			1/2/2015	3,572.95				
			7/2/2015	3,653.34				
			1/2/2016	3,735.54				
			7/2/2016	3,819.59				
			1/2/2017	3,905.53				
			7/2/2017	3,993.41				
			1/2/2018	4,083.26				
			7/2/2018	4,175.13				
			1/2/2019	4,269.07				
			7/2/2019	4,365.13				
			1/2/2020	4,463.34				
			7/2/2020	4,563.77				
			1/2/2021	4,666.45				
			7/2/2021	4,771.45				
			1/2/2022	4,878.80				
			7/2/2022	4,988.58				
			1/2/2023	5,100.82				
			7/2/2023	5,215.59				
			1/2/2024	5,332.94				
			7/2/2024	5,452.93				
			1/2/2025	5,575.62				
			7/2/2025	5,701.07				
			1/2/2026	5,829.35				
			7/2/2026	5,960.51				
			1/2/2027	6,094.62				
		7/2/2027	6,231.75					
		1/2/2028	6,371.96					
		7/2/2028	6,515.33					
		1/2/2029	6,661.93					
		7/2/2029	6,811.82					

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Balance Dec. 31, 2012
			Date	Amount	Interest Rate	Balance Dec. 31, 2011	
Pavilion Circle Pump Station	11/30/2005	\$ 161,766			Var.	\$ 74,271.17	\$ 56,241.00
			2/1/2013	\$ 477.10		\$ 18,030.17	
			8/1/2013	17,897.87			
			2/1/2014	328.30			
			8/1/2014	18,411.06			
			2/1/2015	170.18			
			8/1/2015	18,956.46			
						\$ -	\$ 18,030.17
						\$ 74,271.17	\$ 56,241.00

Ref.

BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
536-07	Improvements to the Water Tower	6/26/2008	6/21/2012	6/21/2013	1.75%	\$ 10,000.00	\$	\$ 10,000.00	\$ -
594-11	Purchase Backhoe	6/21/2012	6/21/2012	6/21/2013	1.75%		39,000.00		39,000.00
					Ref.	\$ <u>10,000.00</u>	\$ <u>39,000.00</u>	\$ <u>10,000.00</u>	\$ <u>39,000.00</u>
						D			D
					Issued for Cash	\$	\$ 39,000.00	\$	
					Paid by Budget Appropriation	\$	<u>39,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
						\$	<u>39,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>

**BOROUGH OF CAPE MAY POINT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Budget Appropriation	Bonds, Notes or Loans Issued	Balance Dec. 31, 2012
504-05	Rehabilitation of the Pavillion Circle Pump Station - Supplement	\$ -	\$ -	\$ -	\$ -	-
536-07	Improvements to Water Tower	50,000.00			39,000.00	50,000.00
594-11	Purchase Backhoe	50,000.00		11,000.00		-
		<u>\$ 100,000.00</u>	<u>-</u>	<u>\$ 11,000.00</u>	<u>\$ 39,000.00</u>	<u>\$ 50,000.00</u>
	Ref.	D				D

BOROUGH OF CAPE MAY POINT

PART II

GENERAL COMMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2012

BOROUGH OF CAPE MAY POINT

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005, the bid threshold was \$21,000, as of January 1, 2011, the bid threshold was decreased to \$17,500 for Municipalities that do not have a Qualified Purchasing Agent.

The governing body of the Borough of Cape May Point 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 Counsel's opinion should be sought before a commitment is made.

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

The minutes indicate that no bids were sought by public advertising in 2012.

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, on January 9, 1993 adopted the following resolution as follows:

WHEREAS, it is necessary to pass a resolution for the Borough of Cape May Point to establish a rate of interest which shall be charged against delinquent taxes.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Borough of Cape May Point, Cape May County, New Jersey, that the Collector is hereby instructed to collect interest as follows:

- a. On any and all taxes in excess of \$1,500.00 at the rate of 18% per annum.
- b. On any and all taxes in amounts less than \$1,500.00 at the rate of 8% per annum.
- c. No interest shall be charged if payment of any installment is made within ten days after the date upon which the same became payable.

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

BOROUGH OF CAPE MAY POINT

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

A tax sale was not necessary in 2012.

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

<u>Year</u>	<u>Number</u>
2011	-
2010	-
2009	-

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 2011 and 2012 Taxes	25
Delinquent Taxes	10
Payment of Water and Sewer Rents	25
Delinquent Water and Sewer Rents	25
Total	<u>85</u>

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 found that municipal funds were deposited within the mandated time.