

BOROUGH OF CAPE MAY POINT

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2013

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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, 2013



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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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 27, 2014 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 27, 2014

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 748,535.89	703,949.77
Cash - Change	100.00	300.00
Total Cash	<u>748,635.89</u>	<u>704,249.77</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	29,017.13	21,429.42
Interfund Receivable:		
Animal Control Fund	14.98	214.71
Trust Fund - Other	36.57	1,076.96
Total Receivables and Other Assets	<u>29,068.68</u>	<u>22,721.09</u>
Deferred Charges:		
Special Emergency Appropriation	9,000.00	12,000.00
Overexpenditure of Appropriation Reserves	292.90	292.90
Total Deferred Charges	<u>9,292.90</u>	<u>12,292.90</u>
Total Regular Fund	<u>786,997.47</u>	<u>739,263.76</u>
Federal and State Grant Fund:		
Cash	16,088.87	13,895.61
Federal and State Grants Receivable	964.82	570.00
Total Federal and State Grant Fund	<u>17,053.69</u>	<u>14,465.61</u>
Total Current Fund	<u>\$ 804,051.16</u>	<u>753,729.37</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 87,570.43	80,751.70
Reserve for Encumbrances	31,976.40	-
Prepaid Taxes	107,331.59	97,645.89
Overpaid Taxes	-	345.44
Local School Tax Payable	5,060.00	28,620.00
County Added Tax Payable	652.53	2,355.75
Due to State:		
Marriage Licenses	225.00	-
Training Fees	33.00	494.00
Interfund Payable:		
Water and Sewer Operating Fund	2,267.50	1,482.10
Other		
Payroll Deductions Payable	3,484.72	3,501.48
Reserve for Preparation of Master Plan	3,062.50	3,062.50
Prepaid Beach Tags	-	1,366.90
Reserve for Revaluation	2,251.50	2,251.50
Reserve for Codification of Ordinances	3,250.00	5,200.00
Reserve for State Tax Appeals	3,562.50	3,562.50
	250,727.67	230,639.76
Reserve for Receivables and Other Assets	29,068.68	22,721.09
Fund Balance	507,201.12	485,902.91
Total Regular Fund	786,997.47	739,263.76
Federal and State Grant Fund:		
Unappropriated Reserves	836.57	-
Appropriated Reserves	16,217.12	14,465.61
Total Federal and State Grant Fund	17,053.69	14,465.61
Total Current Fund	\$ 804,051.16	753,729.37

The accompanying Notes to the Financial Statements are an integral part of this statement

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 105,000.00	95,000.00
Miscellaneous Revenue Anticipated	270,088.28	465,147.29
Receipts from Delinquent Taxes	21,429.42	17,237.05
Receipts from Current Taxes	2,583,146.07	2,565,406.70
Non Budget Revenue	25,071.10	41,604.42
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	58,688.56	49,644.38
Interfund Returned	1,240.12	386.25
Total Income	<u>3,064,663.55</u>	<u>3,234,426.09</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	418,618.58	449,119.77
Other Expenses	448,741.42	415,542.23
Deferred Charges & Statutory Expenditures	81,537.00	78,626.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	5,900.00	5,950.00
Other Expenses	267,539.50	270,836.10
Capital Improvements	43,000.00	225,000.00
Debt Service	372,281.74	375,476.00
Deferred Charges	13,500.00	9,000.00
Local District School Tax	37,740.00	42,430.00
County Tax	1,248,854.57	1,202,905.39
County Share of Added Tax	652.53	2,355.75
Interfund Created	-	54.43
Other:		
Overexpenditure of Appropriation Reserves	-	292.90
Total Expenditures	<u>2,938,365.34</u>	<u>3,077,588.57</u>
Excess in Revenue	<u>126,298.21</u>	<u>156,837.52</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

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

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	292.90
Total Adjustments	-	292.90
Statutory Excess to Fund Balance	126,298.21	157,130.42
Fund Balance January 1	485,902.91	423,772.49
	612,201.12	580,902.91
Decreased by:		
Utilization as Anticipated Revenue	105,000.00	95,000.00
Fund Balance December 31	\$ 507,201.12	485,902.91

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 105,000.00	105,000.00	-
Total Fund Balance Anticipated	<u>105,000.00</u>	<u>105,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	45,000.00	49,195.00	4,195.00
Fines and Costs:			
Municipal Court	1,500.00	2,429.89	929.89
Interest and Costs on Taxes	3,700.00	4,186.52	486.52
Interest Earned on Investments	800.00	1,292.47	492.47
Beach Fees	140,000.00	144,051.90	4,051.90
Total Section A: Local Revenues	<u>191,000.00</u>	<u>201,155.78</u>	<u>10,155.78</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	26,176.00	26,176.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>26,176.00</u>	<u>26,176.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	30,000.00	30,912.00	912.00
Total Section C: Uniform Construction Code Fees	<u>30,000.00</u>	<u>30,912.00</u>	<u>912.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
	Budget	Realized	
Section E: Special Items - Additional Revenues			
Offset with Appropriations			
Rental Licenses (Offset)	5,900.00	5,900.00	-
Total Section E: Additional Revenues	5,900.00	5,900.00	-
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Atlantic County Municipal Joint Insurance	750.00	750.00	-
Fund - Safety Incentive	5,000.00		-
Comcast Technology Grant		1,194.50	-
Recycling tonnage grant		4,000.00	-
Clean Communities Program			
Total Section F: Special Items - Public and Private Programs	5,750.00	5,944.50	-
Total Miscellaneous Revenues:	258,826.00	270,088.28	11,067.78
Receipts from Delinquent Taxes	15,000.00	21,429.42	6,429.42
Amount to be Raised by Taxes for Support of Municipal Budget	1,326,444.90	1,349,227.87	22,782.97
Local Tax for Municipal Purposes			
Total Amount to be Raised by Taxes for Support of Municipal Budget	1,326,444.90	1,349,227.87	22,782.97
Budget Totals	1,705,270.90	1,745,745.57	40,280.17
Non- Budget Revenues:			
Other Non- Budget Revenues:		25,071.10	25,071.10
	1,705,270.90	1,770,816.67	65,351.27

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues	
Allocation of Current Tax Collections:	
Revenue from Collections	2,583,146.07
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	2,583,146.07
Allocated to:	
School, County and Other Taxes	<u>1,287,247.10</u>
Balance for Support of Municipal Budget Appropriations	1,295,898.97
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>53,328.90</u>
Amount for Support of Municipal Budget Appropriations	<u><u>1,349,227.87</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collection	21,429.42
Tax Title Lien Collections	<u>-</u>
Total Receipts from Delinquent Taxes	<u><u>21,429.42</u></u>
Analysis of Non-Budget Revenue:	
Miscellaneous Revenue Not Anticipated:	
Certified Copies/OPRA	78.60
Zoning Fees	6,350.00
Street Openings	1,280.00
Refunds	189.74
Assessor Property Lists	90.00
Marriage Licenses	916.00
Planning Board Fees	300.00
Comcast Franchise Fees	5,332.20
Wedding Fees	125.00
Assesspr Searches	30.00
Election Fees	3,400.00
Void Prior Year Checks	1,306.07
Facilities and Use Fee	300.00
Bond Anticipation Note Premium	656.00
Administrator Fee - Veterans and Senior Citizens	100.00
Miscellaneous	305.23
State of NJ - 2012 Storm Reimbursements	750.00
FEMA - Super Storm Sandy	3,431.29
PERS Refunds	<u>130.97</u>
Total Miscellaneous Revenue Not Anticipated:	<u><u>25,071.10</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY						
Director's Office	\$					
Salaries and Wages	10,000.00	10,000.00	9,763.25		236.75	-
Other Expenses	2,000.00	2,000.00	309.00		1,691.00	-
Beach Fee Program						
Salaries and Wages	43,700.00	40,786.53	40,786.53		-	-
Other Expenses	5,380.00	8,293.47	2,059.40	4,904.68	1,329.39	-
Lifeguards						
Salaries and Wages	107,000.00	101,690.05	101,690.05		-	-
Other Expenses	10,975.00	16,284.95	6,257.61	8,077.95	1,949.39	-
Municipal Court						
Other Expenses	12,500.00	12,500.00	12,246.00		254.00	-
Fire						
Other Expenses	500.00	500.00	14.98		485.02	-
First Aid Organizations						
Other Expenses	22,000.00	22,000.00	10,735.17		11,264.83	-
Emergency Management Services						
Other Expenses	2,400.00	2,400.00	1,269.25		1,130.75	-
Animal Control						
Other Expenses	2,800.00	2,800.00	2,163.60		636.40	-
Cape May Point Environmental Commission						
Other Expenses	600.00	600.00	309.00		291.00	-
8,000.00	8,000.00	8,000.00			-	-
DEPARTMENT OF REVENUE AND FINANCE						
Aid to Volunteer Fire Company (N.J.S.A. 40A:14-33)						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	9,999.86		0.14	-
Other Expenses	500.00	500.00	376.64	123.36	-	-
Annual Audit						
Other Expenses	18,500.00	18,500.00	18,500.00		-	-
Municipal Clerk's Office						
Salaries and Wages	58,965.00	58,965.00	58,965.00		-	-
Other Expenses	8,500.00	8,500.00	8,150.75		349.25	-
Assessment Searches						
Salaries and Wages	1,700.00	1,700.00	-		1,700.00	-
Computer Operations						
Salaries and Wages	1,527.00	1,527.00	1,526.63		0.37	-
Other Expenses	28,000.00	28,000.00	15,572.65	683.59	11,743.76	-

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
Elections							
Salaries and Wages	2,550.00		2,550.00	1,145.13		1,404.87	-
Other Expenses	2,400.00		2,400.00	2,331.70	34.11	34.19	-
Financial Administration							
Salaries and Wages	31,900.00		31,900.00	31,899.51		0.49	-
Other Expenses	10,000.00		10,000.00	9,546.82	453.18	-	-
Registrar of Vital Statistics							
Salaries and Wages	2,000.00		2,000.00	2,000.00		-	-
Assessment of Taxes							
Salaries and Wages	14,000.00		14,000.00	13,653.82		346.18	-
Other Expenses	500.00		500.00	283.00		217.00	-
Codification of Ordinances							
Other Expenses	4,000.00		4,000.00	-		4,000.00	-
Collection of Taxes							
Salaries and Wages	14,500.00		14,500.00	14,500.00		-	-
Other Expenses	700.00		700.00	683.74		16.26	-
Tax Searches							
Salaries and Wages	1,200.00		1,200.00	1,199.94		0.06	-
Legal Services and Costs							
Other Expenses	20,000.00		20,000.00	16,924.15	1,250.00	1,825.85	-
Rent of Fire Hall							
Other Expenses	3,600.00		3,600.00	3,600.00		-	-
Code Enforcement Official							
Salaries and Wages	3,000.00		3,000.00	1,729.05		1,270.95	-
Municipal Land Use Law (N.J.S.A. 40:55D-1)							
Planning Board							
Salaries and Wages	2,000.00		2,000.00	2,000.00		-	-
Other Expenses	9,750.00		9,750.00	4,124.40	73.50	5,552.10	-
Board of Adjustment							
Salaries and Wages	2,000.00		2,000.00	1,000.00		1,000.00	-
Other Expenses	5,500.00		5,500.00	3,604.18	456.25	1,439.57	-
Floodplain Administrator							
Salaries and Wages	2,000.00		2,000.00	1,000.00		1,000.00	-
Advertising and Printing							
Other Expenses	5,000.00		5,000.00	2,780.72	42.44	2,176.84	-

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
General Liability	7,028.00	7,028.00	7,028.00	-	-	-
Workers Compensation Insurance	17,515.00	17,515.00	17,515.00	-	-	-
Employee Group Health	10,800.00	10,800.00	9,787.63	1,012.37	-	-
Health Benefit Waiver						
Salaries and Wages	500.00	500.00	-	500.00	-	-
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY						
Director's Office						
Salaries and Wages	14,000.00	14,000.00	13,324.08	675.92	-	-
Other Expenses	3,000.00	2,000.00	485.25	71.92	1,442.83	-
Engineering Services and Costs						
Other Expenses	5,000.00	5,000.00	3,785.08	1,214.92	-	-
Public Buildings and Grounds						
Other Expenses	51,500.00	51,500.00	44,672.25	3,535.43	3,292.32	-
Public Works Maintenance						
Salaries and Wages	69,000.00	63,000.00	61,214.45	1,785.55	-	-
Other Expenses	15,300.00	15,300.00	9,166.90	3,117.22	3,015.88	-
Road Repairs and Maintenance						
Other Expenses	4,000.00	4,000.00	1,742.59	600.93	1,656.48	-
Beach Restoration and Maintenance						
Other Expenses	11,000.00	11,000.00	11,000.00	-	-	-
Garbage and Trash Removal						
Other Expenses	57,570.00	64,570.00	52,315.11	3,082.44	9,172.45	-
Recycling						
Other Expenses	22,500.00	22,500.00	21,600.00	900.00	-	-
Parks and Public Property						
Other Expenses	8,500.00	8,500.00	3,293.00	4,084.60	1,122.40	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	40,500.00	40,500.00	40,500.00	-	-	-
Other Expenses	1,000.00	1,000.00	655.17	344.83	-	-
Fire Inspections						
Salaries and Wages	800.00	800.00	750.00	50.00	-	-
Other Expenses	200.00	200.00	-	200.00	-	-

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	13,000.00	13,000.00	11,592.18	1,184.27	223.55	-
Telephone	7,500.00	7,500.00	4,781.55	165.43	2,553.02	-
Street Lighting	15,000.00	15,000.00	14,106.22	35.10	858.68	-
TOTAL OPERATIONS WITHIN "CAPS"	867,360.00	867,360.00	752,015.99	31,976.40	83,367.61	-
Contingent						-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	867,360.00	867,360.00	752,015.99	31,976.40	83,367.61	-
Detail:						
Salaries and Wages	432,842.00	418,618.58	408,647.30	-	9,971.28	-
Other Expenses	434,518.00	448,741.42	343,368.69	31,976.40	73,396.33	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	31,037.00	31,037.00	31,037.00		-	-
Social Security System (O.A.S.I.)	35,000.00	35,000.00	32,346.52		2,653.48	-
Consolidated Police and Firemen's Pension Fund	-	-			-	-
Police and Firemen's Retirement System	-	-			-	-
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00		-	-
Defined Contribution Retirement Program	500.00	500.00	50.00		450.00	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	81,537.00	81,537.00	78,433.52	-	3,103.48	-

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	948,897.00	948,897.00	830,449.51	31,976.40	86,471.09	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
NJDES/Stormwater (40A:4-45.3cc)						
Stormwater Management						
Other Expenses	600.00	600.00	600.00	-	-	-
Interlocal Municipal Service Agreements						
Cape May City						
Police Protection - Contractual	260,995.00	260,995.00	260,993.50	1.50	-	-
Fire Inspections - Rental Permit Fees						
Salaries and Wages	5,900.00	5,900.00	5,800.00	100.00	-	-
	<u>267,495.00</u>	<u>267,495.00</u>	<u>267,393.50</u>	<u>-</u>	<u>101.50</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Comcast Technology Grant	5,000.00	5,000.00	-	-	-	5,000.00
Atlantic County Joint Insurance Fund - Safety Incentive	750.00	750.00	750.00	-	-	-
Recycling Tonnage Grant	-	1,194.50	1,194.50	-	-	-
Clean Communities Program		4,000.00	4,000.00	-	-	-
	<u>5,750.00</u>	<u>10,944.50</u>	<u>5,944.50</u>	<u>-</u>	<u>-</u>	<u>5,000.00</u>
Total Public and Private Programs Off-Set by Revenues	273,245.00	278,439.50	273,338.00	-	101.50	5,000.00
Total Operations - Excluded from "CAPS"	5,900.00	5,900.00	5,800.00	-	100.00	-
Detail:						
Salaries and Wages	267,345.00	272,539.50	267,538.00	-	1.50	5,000.00
Other Expenses						
(C) Capital Improvements						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00	-	-	-
Purchase & Construction of Fencing and Decking	3,000.00	3,000.00	2,002.16	-	997.84	-
	<u>43,000.00</u>	<u>43,000.00</u>	<u>42,002.16</u>	<u>-</u>	<u>997.84</u>	<u>-</u>
Total Capital Improvements						

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	162,200.00	162,200.00	162,169.69	-	-	30.31
Payment of Bond Anticipation Notes	180,000.00	180,000.00	180,000.00	-	-	-
Interest on Bonds	15,100.00	15,100.00	15,011.31	-	-	88.69
Interest on Notes	16,000.00	16,000.00	15,100.74	-	-	899.26
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	-	-	-	-	-	-
Total Debt Service	<u>373,300.00</u>	<u>373,300.00</u>	<u>372,281.74</u>	<u>-</u>	<u>-</u>	<u>1,018.26</u>
(E) Deferred Charges						
Emergency Authorizations	-	-	-	-	-	-
Special Emergency Authorizations - 5 years	3,000.00	3,000.00	3,000.00	-	-	-
Special Emergency Authorizations - 3 years	-	-	-	-	-	-
Deferred Charges to Future Taxation Unfunded Ordinance 594-11	-	-	-	-	-	-
Ordinance 594-11	10,500.00	10,500.00	10,500.00	-	-	-
Total Deferred Charges	<u>13,500.00</u>	<u>13,500.00</u>	<u>13,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>703,045.00</u>	<u>708,239.50</u>	<u>701,121.90</u>	<u>-</u>	<u>1,099.34</u>	<u>6,018.26</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>1,651,942.00</u>	<u>1,657,136.50</u>	<u>1,531,571.41</u>	<u>31,976.40</u>	<u>87,570.43</u>	<u>6,018.26</u>
(M) Reserve for Uncollected Taxes	53,328.90	53,328.90	53,328.90	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 1,705,270.90</u>	<u>1,710,465.40</u>	<u>1,584,900.31</u>	<u>31,976.40</u>	<u>87,570.43</u>	<u>6,018.26</u>
Budget						
Appropriations by 40A-4-87		1,705,270.90				
Emergency Appropriations		5,194.50				
		<u>1,710,465.40</u>				
Reserve for Uncollected Taxes			53,328.90			
Federal and State Grants			5,944.50			
Deferred Charges			3,000.00			
Payroll Deductions			120,251.68			
Disbursements			1,402,375.23			
			<u>1,584,900.31</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement

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EXHIBIT - B
TRUST FUND

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

	2013	2012
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash	\$ 462.38	\$ 439.45
Overpaid State Dog License Fees	7.20	6.00
	469.58	445.45
<u>Other Funds</u>		
Cash	171,744.16	134,736.76
	171,744.16	134,736.76
	\$ 172,213.74	\$ 135,182.21
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 454.60	\$ 231.20
Due to Current Fund	14.98	214.71
	469.58	445.91
<u>Other Funds</u>		
Due to Current Fund	36.57	1,076.96
Reserve for Escrow Deposits	8,546.16	10,169.30
Reserve for Unemployment Compensation	24,512.30	13,141.96
Reserve for Housing Expenditures - COAH	132,463.83	102,676.51
Reserve for Environmental Commission	365.55	105.55
Reserve for Lifeguard Trust	5,819.75	7,566.48
	171,744.16	134,736.76
	\$ 172,213.74	\$ 135,182.67

The accompanying Notes to the Financial Statements are an integral part of this statement

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 400,579.50	247,970.68
Deferred Charges to Future Taxation -		
Funded	229,554.24	391,723.93
Unfunded	861,533.93	1,041,533.93
Interfunds and Receivables		
Federal and State Grant Receivable	106,508.00	241,508.00
	<u>1,598,175.67</u>	<u>1,922,736.54</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Encumbrances	44,743.32	72.00
Contracts Payable		
Interfunds:		
Due to Current Fund		
Bond Anticipation Notes Payable	861,400.00	862,900.00
Serial Bonds Payable	-	150,000.00
U.S.D.A. Rural Development Loans Payable	229,554.24	241,723.93
Improvement Authorizations:		
Funded	42,268.75	205,523.83
Unfunded	88,650.05	170,957.47
Reserve for Debt Service		
Capital Improvement Fund	329,822.98	289,822.98
Fund Balance	1,736.33	1,736.33
	<u>\$ 1,598,175.67</u>	<u>1,922,736.54</u>

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

2012	\$	178,633.93
2013	\$	133.93

The accompanying Notes to the Financial Statements are an integral part of this statement

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

	2013	2012
Beginning Balance January 1	\$ 1,736.33	1,736.33
Increased by:		
No activity in 2013		
Decreased by:		
Improvement Authorizations		
No activity in 2013		
Ending Balance December 31	\$ 1,736.33	1,736.33

The accompanying Notes to the Financial Statements are an integral part of this statement

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 190,075.21	\$ 240,764.80
Due from Current Fund	2,267.50	1,482.10
	<u>192,342.71</u>	<u>242,246.90</u>
Receivables With Full Reserves		
Consumer Accounts Receivable	44,783.01	22,921.94
	<u>44,783.01</u>	<u>22,921.94</u>
Total Operating Fund	<u>237,125.72</u>	<u>265,168.84</u>
Capital Fund:		
Cash	34,602.15	34,602.15
Fixed Capital:		
Completed	4,793,662.27	4,793,662.27
Authorized and Uncompleted	509,000.00	509,000.00
	<u>5,337,264.42</u>	<u>5,337,264.42</u>
Total Capital Fund	<u>5,574,390.14</u>	<u>5,602,433.26</u>
	<u>\$ 5,574,390.14</u>	<u>\$ 5,602,433.26</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

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

	2013	2012
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 32,449.66	\$ 70,284.15
Prepaid Rents	44,482.42	48,902.35
Overpaid Rents	5,180.61	490.34
Reserve for Encumbrances	4,642.57	-
Accrued Interest on Bonds and Notes	17,519.09	18,427.12
	104,274.35	138,103.96
Reserve for Receivables	44,783.01	22,921.94
Fund Balance	88,068.36	104,142.94
Total Operating Fund	237,125.72	265,168.84
Capital Fund:		
USRDA Loans Payable	1,256,006.94	1,299,591.25
NJEIT Loans	37,866.03	56,241.00
Bond Anticipation Notes Payable	29,000.00	39,000.00
Improvement Authorizations		
Funded	24,886.45	24,428.75
Unfunded	50,000.00	50,457.70
Reserve for Amortization	3,860,789.30	3,798,830.02
Deferred Reserve for Amortization	69,000.00	59,000.00
Capital Improvement Fund	5,250.00	5,250.00
Fund Balance	4,465.70	4,465.70
Total Capital Fund	5,337,264.42	5,337,264.42
	\$ 5,574,390.14	\$ 5,602,433.26

There were Bonds and Notes Authorized But Not Issued at December 31, 2013 and 2012 in the amounts of \$50,000.00 and \$50,000.00, respectively.

The accompanying Notes to the Financial Statements are an integral part of this statement

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS**

	<u>Year 2013</u>	<u>Year 2012</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 60,260.00	\$ 68,460.00
Water and Sewer Rents	572,306.61	643,973.51
Miscellaneous:		
Interest on Investments	221.13	311.88
Current fund - Share of Purchase of Backhoe	10,500.00	
Miscellaneous Revenue Not Anticipated	5,429.66	4,790.95
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	54,445.74	29,063.45
Cancellation of Accounts Payable		35.00
 Total Income	 <u>703,163.14</u>	 <u>746,634.79</u>
 Expenditures:		
Operations:		
Salaries and Wages	73,000.00	70,300.00
Other Expenses	432,860.00	430,760.00
Capital Improvements	13,000.00	20,000.00
Debt Service	134,617.72	134,609.07
Deferred Charges and Statutory Expenditures	5,500.00	16,200.00
 Total Expenditures	 <u>658,977.72</u>	 <u>671,869.07</u>
Excess in Revenue	44,185.42	74,765.72
 Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years/Funded by Capital Ordinance	 <u>-</u>	 <u>-</u>
	44,185.42	74,765.72
Fund Balance January 1	<u>104,142.94</u>	<u>97,837.22</u>
	148,328.36	172,602.94
Decreased By:		
Utilization as Anticipated Revenue	<u>60,260.00</u>	<u>68,460.00</u>
Balance December 31	<u>\$ 88,068.36</u>	<u>\$ 104,142.94</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

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

	<u>2013</u>	<u>2012</u>
Balance January 1	\$ 4,465.70	\$ 4,465.70
Increased By: No Activity in 2013		
Decreased By: No Activity in 2013		
Balance December 31	\$ <u>4,465.70</u>	\$ <u>4,465.70</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**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	\$ 60,260.00	\$ 60,260.00	\$ -
Anticipated Revenue:			
Water Rents	355,000.00	311,362.11	(43,637.89)
Sewer Rents	263,000.00	260,944.50	(2,055.50)
Interest Earned on Deposits	300.00	221.13	(78.87)
Purchase of Backhoe - Current Fund Share	10,500.00	10,500.00	-
	<u>628,800.00</u>	<u>583,027.74</u>	<u>(45,772.26)</u>
Total Revenue	<u>\$ 689,060.00</u>	<u>\$ 643,287.74</u>	<u>\$ (45,772.26)</u>

Analysis of Realized Revenue:

Water Rents			
Accounts Receivable	\$ 311,362.11		
Total Water Rents	<u> </u>	\$ <u>311,362.11</u>	
Sewer Rents			
Accounts Receivable	\$ 260,944.50		
Total Sewer Rents	<u> </u>	\$ <u>260,944.50</u>	

Analysis of Unanticipated Revenue:

Penalties on Delinquent Accounts	\$ 1,979.66		
Miscellaneous	3,450.00		
	<u> </u>	\$ <u>5,429.66</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement

**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	\$ 73,000.00	\$ 73,000.00	\$ 64,138.58	\$ 8,861.42	
Other Expenses	455,860.00	455,860.00	410,948.51	17,268.92	23,000.00
	528,860.00	528,860.00	475,087.09	26,130.34	23,000.00
Capital Improvements:					
Capital Outlay	20,000.00	20,000.00	8,071.35	4,928.65	7,000.00
	20,000.00	20,000.00	8,071.35	4,928.65	7,000.00
Debt Service:					
Payment of Bond Principal	62,000.00	62,000.00	61,959.28		40.72
Payment of Bond Anticipation Notes	10,000.00	10,000.00	10,000.00		-
Interest on Bonds	62,200.00	62,200.00	62,158.44		41.56
Interest on Notes	500.00	500.00	500.00		-
	134,700.00	134,700.00	134,617.72		82.28
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	5,500.00	5,500.00	4,109.33	1,390.67	
	5,500.00	5,500.00	4,109.33	1,390.67	
	<u>\$ 689,060.00</u>	<u>\$ 689,060.00</u>	<u>\$ 621,885.49</u>	<u>\$ 4,642.57</u>	<u>\$ 30,082.28</u>

Accrued Interest on Bonds and Notes \$ 62,658.44
Cash Disbursed 559,227.05
621,885.49

The accompanying Notes to the Financial Statements are an integral part of this statement

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Buildings and Improvements	\$ 1,050,000.00	\$ 1,050,000.00
Machinery and Equipment	988,632.67	988,632.67
	<u>2,038,632.67</u>	<u>2,038,632.67</u>
Total General Fixed Assets	\$ <u>2,038,632.67</u>	\$ <u>2,038,632.67</u>
 <u>Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>2,038,632.67</u>	\$ <u>2,038,632.67</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

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

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

C. Basis of Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized.

The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements.

The utility does not record depreciation on fixed assets.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

Levy of Utility Charges – The entity operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on December 1, March 1, June 1 and September 1.

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

Capitalization of Interest -- It is the policy of the Borough of Cape May Point to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Trust.

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In June 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 entity's financial reporting.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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 entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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 entity'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 entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$53,328.90, and \$45,791.03. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$105,000 of \$485,902.91 available fund balance and \$95,000 of \$423,772.49 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 Board of Commissioners. The following significant budget transfers were approved in the 2013 and 2012 calendar years.

	2013	2012
Financial Administration - S&W	\$	\$ 8,764.00
Planning Board - OE		(6,520.00)
Board of Adjustment - OE		(2,153.00)
Beach Fee Program - S&W	(2,913.00)	(1,818.00)
Beach Fee Program - OE	2,913.00	1,818.00
Lifeguards - S&W	(5,310.00)	(1,476.00)
Lifeguards - OE	5,310.00	1,476.00
Fire Inspection - S&W		50.00
Department of Public Works, Parks and Public Property - Director's Office - OE	(1,000.00)	
Public Works Maintenance - S&W	(6,000.00)	
Garbage and Trash Removal - OE	7,000.00	

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Recycling Tonnage Grant	\$ 1,195	5,153
Clean Communities Program	4,000	4,000
Atlantic County Joint Insurance Fund - Safety		50
NJ Transportation Trust Fund		180,000

The Borough may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2011 for \$15,000. The emergency was for the codification of ordinances in the Borough. The unfunded balance as of December 31, 2013 was \$9,000.

NOTE 3: INVESTMENTS

As of December 31, 2013 and 2012, the municipality had no investments.

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

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

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

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may ass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$21,759 and \$27,439 of the municipality's bank balance of \$1,567,353 and \$1,414,141 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Buildings and Improvements	\$ 1,050,000			1,050,000
Equipment and Machinery	971,995	16,638		988,633
	<u>\$ 2,021,995</u>	<u>16,638</u>	<u>-</u>	<u>2,038,633</u>

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Buildings and Improvements	\$ 1,050,000			1,050,000
Equipment and Machinery	988,633			988,633
	<u>\$ 2,038,633</u>	<u>-</u>	<u>-</u>	<u>2,038,633</u>

NOTE 6: LONG-TERM DEBT

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 300,000		150,000	150,000	150,000
Total	<u>\$ 300,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Other liabilities:					
Loans Payable					
General	\$ 253,364		11,640	241,724	12,170
Utility	1,415,408		59,576	1,355,832	61,959
Total long-term liabilities	<u>\$ 1,968,772</u>	<u>-</u>	<u>221,216</u>	<u>1,747,556</u>	<u>224,129</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 150,000		150,000	-	-
Total	\$ 150,000	-	150,000	-	-
Other liabilities:					
Loans Payable:					
General	241,724		12,170	229,554	12,723
Utility	1,355,832		61,959	1,293,873	64,462
Total long-term liabilities	\$ 1,747,556	-	224,129	1,523,427	77,185

Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:

\$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, 2013 is \$183,801.

\$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, 2013 is \$45,754.

Outstanding Bonds Whose Principal and Interest are Paid From the Utility Operating Fund of the Entity:

\$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 \$722,588.

\$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, 2013 is \$233,910.

\$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, 2013 is \$299,509.

\$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, 2013 is \$37,866.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
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	15,239.84	7,666.16	55,383.51	49,916.49
2019-2023	87,248.35	27,281.65	320,484.16	206,015.84
2024-2028	71,729.37	8,441.63	407,327.97	119,172.03
2029-2033	-	-	178,341.11	43,769.89
2034-2038	-	-	97,666.68	11,055.09
	<u>\$ 229,554.24</u>	<u>\$ 79,676.76</u>	<u>\$ 1,293,872.97</u>	<u>\$ 655,546.42</u>

Summary of Municipal Debt

	Year 2013	Year 2012	Year 2011
Issued:			
General:			
Bonds and Notes	\$ 861,400.00	\$ 1,012,900.00	\$ 1,290,000.00
Loans	229,554.24	241,723.93	253,364.19
Water/Sewer Utility:			
Bonds and Notes	29,000.00	39,000.00	10,000.00
Loans	1,293,872.97	1,355,832.25	1,415,408.18
Total Issued	<u>2,413,827.21</u>	<u>2,649,456.18</u>	<u>2,968,772.37</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	-	-	-
Water and Sewer Utility	-	-	-
Net Debt Issued	<u>2,413,827.21</u>	<u>2,649,456.18</u>	<u>2,968,772.37</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	133.93	178,633.93	43,033.93
Water/Sewer Utility:			
Bonds and Notes	<u>50,000.00</u>	<u>50,000.00</u>	<u>100,000.00</u>
Total Authorized But Not Issued	50,133.93	228,633.93	143,033.93
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,463,961.14</u>	<u>\$ 2,878,090.11</u>	<u>\$ 3,111,806.30</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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 .218%

	Gross Debt	Deductions	Net Debt
Water & Sewer Utility Debt	\$ 1,372,872.97	\$ 1,372,872.97	\$ -
General Debt	1,091,088.17	-	1,091,088.17
	\$ 2,463,961.14	\$ 1,372,872.97	\$ 1,091,088.17

Net debt \$1,091,088.17 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$501,206,772.33 = .218%.

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

3-1/2% of Equalized Valuation Basis	\$ 17,542,237.03
Net Debt	1,091,088.17
	\$ 16,451,148.86

NOTE 7: 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	2013	\$ 507,201.12	\$ 105,000.00	20.70%
	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%
Water & Sewer Utility	2013	88,068.36	72,700.00	82.55%
	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%

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
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NOTE 8: SCHOOL TAXES

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

	12/31/2013	12/31/2012
Balance of Tax	\$ 5,060	28,620
Deferred	-	-
Tax Payable	\$ 5,060	28,620

NOTE 9: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2013	Balance December 31, 2012
Prepaid Taxes - Cash Liability	\$ 107,331.59	\$ 97,645.89

NOTE 10: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.3% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$31,037, \$28,126 and \$31,408.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of that system.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years.
- For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

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

NOTE 11: ECONOMIC DEPENDENCY

The Borough of Cape May Point is not economically dependent on any one business. The tourism industry is a major source of tax revenue for the entity.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of the Borough’s contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the Borough’s trust fund for the current year and the prior two years:

Calendar Year	City Contributions	Amount Reimbursed	Ending Balance
2013	\$ 15,000.00	\$ 3,629.66	\$ 24,512.30
2012	15,000.00	4,284.20	13,141.96
2011	8,323.79	11,678.16	2,426.16

NOTE 13: CONTINGENT LIABILITIES

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 14: INTERFUND BALANCES

As of December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Borough of Cape May Point:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 14.98	
Trust Fund - Other	36.57	
Water & Sewer Operating Fund		2,267.50
Trust Fund:		
Current - Animal Control Fund		14.98
Current Fund - Trust Other		36.57
Water and Sewer Capital Fund:		
Current Fund	2,267.50	
	\$ 2,319.05	\$ 2,319.05

The amount due to the Current fund from the Trust Fund – Other is due to interest not transferred by year end. The amount due to the Current fund from the Animal Control fund is due to interest not transferred by year end. The amount due to the Water and Sewer Capital Fund from the Current Fund represents money owed to the water and Sewer Capital Fund.

NOTE 15: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 27, 2014, the date which the financial statements were available to be issued and identified no events requiring 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, 2013, 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 27, 2014, 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.

Compliance and Other Matters

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

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 27, 2014

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

State Grantor / Program	State Account Number	Grant Period From	Grant Period To	Grant Award	Unexpended Balance 12/31/12	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/13	MEMO ONLY Accumulated Expenditures
Department of Transportation: Trust Fund Authority Act of 1984: By Formula Reconstruction of West Lake Drive Total Department of Transportation	6320-480-601385-61	1/1/2012	12/31/2012	\$ 180,000.00	\$ 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	32,435.22	-	-	14.00	32,449.22	367,550.78
Department of Law and Public Safety Alcohol Education Rehabilitation Enforcement Fund	9735-760-098-Y900	1/1/2013	12/31/2013	52.77	-	52.77	-	-	52.77	-
Department of Environmental Protection Clean Communities Program Clean Communities Program Recycling Tonnage Grant Recycling Tonnage Grant Municipal Stormwater Regulation Grant Total Department of Environmental Protection Total State Assistance	4900-765-042-4900 4900-765-042-4900 4855-100-042-4855 4855-100-042-4855 N/A	1/1/2013 1/1/2012 1/1/2011 1/1/2013 1/1/2005	12/31/2013 12/31/2012 12/31/2011 12/31/2013 12/31/2005	4,000.00 4,000.00 690.55 783.80 6,041.00	2,370.20 690.55 2,305.57 5,366.32 217,801.54	4,000.00 - 783.80 4,783.80 4,783.80	612.94 2,370.20 - - 2,983.14 182,983.14	- - - - 14.00	3,387.06 - 690.55 783.80 2,305.57 7,166.98 39,616.20	612.94 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	1/1/2013 1/1/2012 1/1/2011 1/1/2013	12/31/2013 12/31/2012 12/31/2011 12/31/2013	1,194.50 5,152.55 5,000.00 750.00	5,134.00 3,610.97 297.54 9,042.51	1,194.50 - 355.18 1,549.68	200.00 - 1,009.85 1,209.85	0.00 - 0.00	994.50 5,134.00 3,610.97 (357.13) 9,382.34	200.00 18.55 1,389.03 1,107.13
Total State and Local Assistance				\$ 6,333.48	\$ 226,844.05	\$ 6,333.48	\$ 184,192.99	\$ 14.00	\$ 48,998.54	

See accompanying Notes to Schedules of Expenditures of Federal and State Financial Assistance

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

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	\$ -		\$ 2,983.14		\$ 1,209.85		\$ 4,192.99
General Capital Fund	-		180,000.00		-		180,000.00
Total Financial Assistance	\$ <u>-</u>		\$ <u>182,983.14</u>		\$ <u>1,209.85</u>		\$ <u>184,192.99</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.

AUDIT FINDINGS AND RESPONSES

NONE

STATUS OF PRIOR YEAR FINDINGS

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.

Status of Finding:

Corrective action has been taken.

Finding #2012-2:

Our audit of payment vouchers found instances where the vouchers are not being approved by the Chief Financial Officer, or his designee, 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, or his designee, and also signed by the claimant prior to payment being made.

Condition:

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

Status of Finding:

Corrective action has been taken.

STATUS OF PRIOR YEAR FINDINGS

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.

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.

Status of Finding:

Corrective action has been taken.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2012	\$ 703,949.77	13,895.61
Increased by Receipts:		
Tax Collector	2,613,102.27	
Revenue Accounts Receivable	283,618.02	
Due from Animal Control fund	214.71	
Due from State - Senior and Veterans Deductions	5,000.00	
Due to State - Marriage licenses	300.00	
Due from Trust Fund - Other	3,669.39	
State Training Fees - Due to State	1,244.00	
Due to Water and Sewer Utility Operating Fund	785.40	
Change Fund Returned	200.00	
Federal and State Unallocated		836.57
Federal and State Receivables		5,549.68
	<u>2,908,133.79</u>	<u>6,386.25</u>
	3,612,083.56	20,281.86
Decreased by Disbursements:		
Current Year Appropriation	1,402,375.23	
Prior Year Appropriations	22,063.14	
County Taxes	1,251,210.32	
Local District School Taxes	61,300.00	
Payroll Taxes Payable	120,268.44	
Due from Animal Control Fund	14.40	
State Training Fee - Due to State	1,705.00	
Reserve for Codification of Ordinance	1,950.00	
Due to State - Marriage Licenses	75.00	
Due from Trust Fund - Other	2,586.14	
Federal and State Disbursements		4,192.99
	<u>2,863,547.67</u>	<u>4,192.99</u>
Balance December 31, 2013	\$ <u><u>748,535.89</u></u>	<u><u>16,088.87</u></u>

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

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	107,331.59		
Taxes Receivable	2,501,584.16		
Revenue Accounts Receivable	4,186.52		
			2,613,102.27
			2,613,102.27
Payments to Treasurer			2,613,102.27
Balance December 31, 2013		\$	-

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	2012	2013	Collections by Cash	Adjusted	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
Arrears \$	-									
2012	21,429.42				21,429.42					-
	21,429.42				21,429.42					-
2013		2,612,163.20		97,645.89	2,485,500.18					29,017.13
\$	21,429.42	2,612,163.20		97,645.89	2,506,929.60					29,017.13

2,501,584.16 Cash Receipts
5,000.00 Senior Citizens and Veterans
345.44 Overpayments Applied
2,506,929.60

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 2,605,876.35
Special District Taxes
Added Taxes (54:4-63.1 et. Seq.) 6,286.85
2,612,163.20

Tax Levy:
General County Taxes 1,048,710.22
County Library Taxes 148,828.95
County Open Space Taxes 51,315.40
County Health Taxes
County Added and Omitted Taxes 652.53
Total County Taxes 1,249,507.10

Local School District Tax 37,740.00
Additional Local School District Tax
Regional School District Tax

Local Tax for Municipal Purposes 1,326,444.90
Add: Additional Tax Levied (1,528.80)
1,324,916.10

2,612,163.20

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013	
			Collector	Treasurer		
			Collector	Treasurer	Other	
Licenses:						
Other	\$ -	\$ 49,195.00	\$ -	\$ 49,195.00	\$ -	\$ -
Fines and Costs:						
Municipal Court	-	2,429.89	-	2,429.89	-	-
Interest and Costs on Taxes	-	4,186.52	4,186.52	-	-	-
Interest Earned on Investments	-	1,292.47	-	1,292.47	-	-
Energy Receipts Tax	-	26,176.00	-	26,176.00	-	-
Uniform Construction Code Fees	-	30,912.00	-	30,912.00	-	-
Rental Licenses (offset)	-	5,900.00	-	5,900.00	-	-
Beach Fees	-	144,051.90	-	144,051.90	-	-
Miscellaneous Revenue Not Anticipated	-	25,071.10	-	25,071.10	-	-
	<u>\$ -</u>	<u>\$ 289,214.88</u>	<u>\$ 4,186.52</u>	<u>\$ 285,028.36</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" REVENUE AND FINANCE					
Municipal Clerk's Office		802.55		802.55	-
Other Expenses	2.55				
Financial Administration		3,563.35	131.75	3,431.60	-
Other Expenses	3,563.35				
Computer Operations		5,240.45	148.99	5,091.46	-
Other Expenses	5,240.45				
Elections		-		-	-
Salaries and Wages	800.00				
Legal Services and Costs		5,446.00	100.00	5,346.00	-
Other Expenses	5,446.00				
Advertising and Printing		2,088.88	64.80	2,024.08	-
Other Expenses	2,088.88				
Insurance		4,759.26	4,759.26	-	-
Employee Group Health	4,759.26				
PUBLIC AFFAIRS AND PUBLIC SAFETY					
First Aid Organization		5,666.51	5,105.43	561.08	-
Other Expenses	5,666.51				
Municipal Court		9,527.52	8,752.44	775.08	-
Other Expenses	9,527.52				
PUBLIC WORKS, PARKS AND PUBLIC PROPERTY					
Director's Office		908.14	41.95	866.19	-
Other Expenses	908.14				
Engineering Services and Costs		2,882.00	232.50	2,649.50	-
Other Expenses	2,882.00				
Road Repairs and Maintenance		4,457.20	50.91	4,406.29	-
Other Expenses	4,457.20				
Garbage and Trash Removal		9,388.34	490.68	8,897.66	-
Other Expenses	9,388.34				
Public Buildings and Grounds		2,485.04	1,793.26	691.78	-
Other Expenses	2,485.04				
UTILITY EXPENSES AND BULK PURCHASES					
Telephone		2,825.64	391.17	2,434.47	-
Other Expenses	2,825.64				
All Other Accounts - No Change		20,710.82		20,710.82	-
	\$ 80,751.70	80,751.70	22,063.14	58,688.56	-
Reserve for Encumbrances	\$ 618.99				
appropriation Reserves	80,132.71				
	\$ 80,751.70				

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

Balance December 31, 2012			
School Tax Payable	\$	28,620.00	
School Tax Deferred		<u> -</u>	
			\$ 28,620.00
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			<u>37,740.00</u>
			66,360.00
Decreased by:			
Payments			<u>61,300.00</u>
Balance December 31, 2013			
School Tax Payable		5,060.00	
School Tax Deferred		<u> -</u>	
			<u>\$ 5,060.00</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			\$ 61,300.00
Tax Payable Ending			<u>5,060.00</u>
			66,360.00
Less: Tax Payable Beginning			<u>28,620.00</u>
Amount charged to Current Year Operations			<u><u>\$ 37,740.00</u></u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
FEDERAL GRANTS:					
Total Federal	\$ -	-	-	-	-
STATE GRANTS:					
Water Conservation Grant	570.00				570.00
Clean Communities Program - 2013	-	4,000.00	4,000.00		-
Recycling Tonnage Grant - 2013	-	1,194.50	1,194.50		-
Joint Insurance Fund - Safety Incentive	-	750.00	355.18		394.82
Total State	<u>570.00</u>	<u>5,944.50</u>	<u>5,549.68</u>	<u>-</u>	<u>964.82</u>
	<u>\$ 570.00</u>	<u>5,944.50</u>	<u>5,549.68</u>	<u>-</u>	<u>964.82</u>

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

	Balance December 31, 2012		2013		Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
FEDERAL GRANTS:							
NONE	-	-	-	-	-	-	-
Total Federal	-	-	-	-	-	-	-
STATE GRANTS:							
Recycling Tonnage Grant	690.55						690.55
2011							
Municipal Court Alcohol Education Program	6.51						6.51
2005							
2010	50.27						50.27
Clean Communities Program	-		4,000.00	612.94			3,387.06
2013							
2012	2,370.20			2,370.20			-
Municipal Stormwater Regulation	2,305.57						2,305.57
2005							
Joint Insurance Fund - Safety Incentive	297.54		750.00	1,009.85			37.69
2011							
Cape May County MUA - Recycling	-		1,194.50	200.00			994.50
2013							
2012	5,134.00						5,134.00
Comcast Technology Grant	3,610.97						3,610.97
2011							
Total State	14,465.61	-	5,944.50	4,192.99	-	-	16,217.12
	14,465.61	-	5,944.50	4,192.99	-	-	16,217.12

FEDERAL GRANTS:
NONE

STATE GRANTS:
 Recycling Tonnage Grant
 2011
 Municipal Court Alcohol Education Program
 2005
 2010
 Clean Communities Program
 2013
 2012
 Municipal Stormwater Regulation
 2005
 Joint Insurance Fund - Safety Incentive
 2011
 Cape May County MUA - Recycling
 2013
 2012
 Comcast Technology Grant
 2011

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

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
FEDERAL GRANTS:					
NONE	\$ -				-
Total Federal	-	-	-	-	-
STATE GRANTS:					
Recycling Tonnage Grant - 2013	-		783.80		783.80
Municipal Court Grant - 2013			52.77		52.77
Total State	-	-	836.57	-	836.57
	\$ -	-	836.57	-	836.57

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2012		\$	439.91
Increased By Receipts:			
Dog Licenses Fees	\$	187.00	
Cat License Fees		18.20	
Miscellaneous		18.20	
State License Fees		13.20	
Interest Earned on Deposits - Due Current Fund		0.58	
		237.18	
			677.09
Decreased By Disbursements:			
Paid to Current Fund		214.71	
		214.71	
Balance December 31, 2013		\$	462.38

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2012		\$	134,736.76
Increased By Receipts:			
Housing Fees - COAH	\$	31,633.00	
Developers Escrow Fees		6,103.84	
Budget approp from Current Fund		15,000.00	
Lifeguard Trust		6,570.00	
Environmental Commission		260.00	
Due to current Fund		2,586.14	
Interest Earned on Deposits - Trust Funds		149.92	
Interest Earned on Deposits - Due Current Fund		42.86	
		<hr/>	62,345.76
			<hr/>
			197,082.52
Decreased By Disbursements:			
Housing Expenses		1,995.60	
Developers escrow Fees Returned		7,726.98	
Unemployment claims		3,629.66	
Lifeguard Trust		8,316.73	
Due to Current Fund - Trust Other		3,669.39	
		<hr/>	25,338.36
			<hr/>
Balance December 31, 2013		\$	<u><u>171,744.16</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2012	\$	231.20
Increased By:		
Dog Licenses Fees Collected	\$	187.00
Cat License Fees Collected		18.20
Miscellaneous		18.20
		223.40
		454.60
Decreased By Disbursements:		
Statutory Excess Due to Current Fund		-
		-
Balance December 31, 2013	\$	454.60

License Fees Collected	<u>Year</u>	
	2011	\$ 171.20
	2012	293.50
		\$ 464.70
		464.70

TRUST FUND
SCHEDULE OF DUE FROM/(TO) CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2012		\$	(214.71)
Increased By:			
Disbursement to Current Fund	\$ 214.71		
			214.71
Decreased By:			
Statutory Excess - Due to Current Fund			
Paid to State of New Jersey	14.40		
Interest Earned on Deposits	0.58		
			14.98
Balance December 31, 2013		\$	(14.98)

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2012		\$	(6.00)
Increased By:			
Collected in 2013	\$ 13.20		
			13.20
Decreased By:			
Paid to State of New Jersey - Due to Current Fund	14.40		
			14.40
Balance December 31, 2013		\$	(7.20)

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

Balance December 31, 2012		\$ 247,970.68
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	40,000.00	
Bond Anticipation notes	178,500.00	
State Grants Receivable	135,000.00	
		353,500.00
		601,470.68
Decreased by:		
Improvement Authorizations	200,891.18	
		200,891.18
Balance December 31, 2013		\$ <u><u>400,579.50</u></u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers	Balance Dec. 31, 2013
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous		
Fund Balance	\$ 1,736.33						1,736.33
Capital Improvement Fund	289,822.98	40,000.00					329,822.98
Reserve for Encumbrances	72.00				72.00	44,743.32	44,743.32
<u>Improvement Authorizations:</u>							
466-03 Acquisition by Foreclosure or Purchase of Various Properties	(13.93)						(13.93)
470-03 Supplemental Appropriation for the Restoration of Lake Lily	(11.45)			58.55			(70.00)
516-06 Various Capital Improvements							
533-07 Various Capital Improvements	1,629.05						1,629.05
535-07 Renovation of Borough Fire Station	6.27						6.27
546-08 Various Capital Improvements	(21,572.78)				58.00	72.00	(21,558.78)
584-10 Various Capital Improvements	3,775.46			101.45			3,674.01
a) Surveillance System	11,608.36						11,608.36
b) Purchase Beach Vehicle	5,779.71						5,779.71
c) Construction of new Public Works Buildin	120.00						120.00
d) Beach Renourishment	20,638.95			11,170.15			9,468.80
595-11 Various Capital Improvements	11,967.18						11,967.18
a) Public Works Equipment	9,884.21						9,884.21
b) Addition to Surveillance System							
606-12 Various Capital Improvements	(78,247.01)		114,000.00				35,752.99
a) Beach Renourishment Project	(9,724.65)	135,000.00	60,000.00	185,590.03			(45,000.00)
b) Resurface West Lake Drive	500.00		4,500.00	3,971.00	44,685.32		1,029.00
c) Purch. Portable WHF Radios							
	\$ 247,970.68	175,000.00	178,500.00	200,891.18	44,815.32	44,815.32	400,579.50

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

Balance December 31, 2012		\$ 289,822.98
Increased by:		
2013 Budget Appropriation	40,000.00	
	40,000.00	40,000.00
Decreased by:		
No activity in 2013		329,822.98
	-	-
Balance December 31, 2013		\$ <u><u>329,822.98</u></u>

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

Balance December 31, 2012		\$ 391,723.93
Increased by:		
No activity in 2013		-
		391,723.93
Decreased by:		
Serial Bonds Paid	150,000.00	
Loans Payable Paid	12,169.69	
		162,169.69
Balance December 31, 2013		\$ <u><u>229,554.24</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Balance Dec. 31, 2013	Analysis of Balance			
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations	
466-03	Acquisition by Foreclosure or Purchase of Various Properties	\$ 9,013.93		9,000.00		13.93		13.93		
470-03	Supplemental Appropriation for the Restoration of Lake Lily	3,470.00		3,400.00		70.00		70.00		
524-06	Survey of Historic House	13,200.00		13,200.00		-				
529-07	Purchase of Fire Truck	333,558.00		117,358.00		216,200.00	216,200.00			
533-07	Various Capital Improvements a) Acreation of Lake Lily b) Purchase and Construction of Lifeguard Equipment	25,200.00 2,842.00		25,200.00 2,842.00		- -				
535-07	Renovation of Borough Fire Station	86,200.00		4,000.00		82,200.00	82,200.00			
546-08	Various Capital Improvements a) Improvements to Beach Entranceways b) Purchase of Beach Equipment c) Upgrade of Municipal Financial Software e) Purchase of Beach Chairs	13,700.00 12,300.00 3,100.00 1,500.00		900.00 1,500.00		13,700.00 12,300.00 2,200.00	13,700.00 12,300.00 2,200.00			
584-10	Various Capital Improvements a) Surveillance System b) Purchase Beach Vehicle c) Construction of new Public Works Building d) Beach Renourishment	68,400.00 37,050.00 57,000.00 154,000.00		2,600.00		65,800.00 37,050.00 57,000.00 154,000.00	65,800.00 37,000.00 57,000.00 154,000.00		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	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	114,000.00 60,000.00 4,500.00			
		\$ 1,041,533.93		180,000.00		861,533.93	861,400.00	83.93	50.00	
							Improvement Authorizations Unfunded		\$ 88,650.05	
							Less:			
							Unexpended Proceeds of Bond			
							Anticipation Notes Issued:			
							Ord. Number			
							546-08	\$ 3,674.01		
							584-10	26,976.87		
							595-11	21,167.18		
							606-12	36,781.99		
									88,600.05	
									\$ 50.00	

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded	Other Funding				Funded	Unfunded
470-03	Supplemental Appropriation for the Restoration of Lake Lily	12/11/2003	321,250	\$	\$	58.55	\$	\$	58.55	\$	\$
516-06	Various Capital Improvements b) Improvements to Beach Entranceway	3/9/2006	94,500	1,629.05				1,629.05			
533-07	Various Capital Improvements b) Areation of Lake Lily	5/10/2007	45,000		6.27			6.27			
535-07	Renovation of Borough Fire Station	7/12/2007	568,000	32,435.22	7,500.00			(14.00)		39,949.22	
546-08	Various Capital Improvements a) Improvements to beach Entranceways	3/13/2008	62,500		3,775.46			101.45			3,674.01
584-10	Various Capital Improvements a) Surveillance System b) Purchase Beach Vehicle c) Construction of new Public Works Building d) Beach Renourishment	7/8/2010	421,000		11,608.36 5,829.71 120.00 20,638.95						11,608.36 5,829.71 120.00 9,468.80
595-11	Various Capital Improvements a) Public Works Equipment b) Addition to Surveillance System	4/14/2011	45,000	684.21	11,967.18 9,200.00					684.21	11,967.18 9,200.00
606-12	Various Capital Improvements a) Beach Renourishment Project b) Resurface West Lake Drive c) Purch. Portable WHF Radios	9/13/2012	368,000	170,275.35 500.00	35,752.99 60,000.00 4,500.00			230,275.35 3,971.00			35,752.99 - 1,029.00
				\$ 205,523.83	\$ 170,957.47	\$ -	\$ -	\$ 245,562.50	\$ 42,268.75	\$ 88,650.05	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
General Bonds, Series 2002	4/1/2002	1,375,000			5.700%	150,000.00		150,000.00	-
						<u>150,000.00</u>		<u>150,000.00</u>	<u>-</u>
						\$		\$	

**GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Municipal Building #1	6/6/1997	300,000	6/6/2014	5,026.49	4.500% \$	193,524.21		9,723.59	183,800.62
	12/6/2014		12/6/2014	5,139.58					
	6/6/2015		6/6/2015	5,255.22					
	12/6/2015		12/6/2015	5,373.47					
	6/6/2016		6/6/2016	5,494.37					
	12/6/2016		12/6/2016	5,617.99					
	6/6/2017		6/6/2017	5,744.40					
	12/6/2017		12/6/2017	5,873.65					
	6/6/2018		6/6/2018	6,005.80					
	12/6/2018		12/6/2018	6,140.93					
	6/6/2019		6/6/2019	6,279.10					
	12/6/2019		12/6/2019	6,420.38					
	6/6/2020		6/6/2020	6,564.84					
	12/6/2020		12/6/2020	6,712.55					
	6/6/2021		6/6/2021	6,863.58					
	12/6/2021		12/6/2021	7,018.02					
	6/6/2022		6/6/2022	7,175.92					
	12/6/2022		12/6/2022	7,337.38					
	6/6/2023		6/6/2023	7,502.47					
	12/6/2023		12/6/2023	7,671.28					
6/6/2024		6/6/2024	7,843.88						
12/6/2024		12/6/2024	8,020.37						
6/6/2025		6/6/2025	8,200.82						
12/6/2025		12/6/2025	8,385.34						
6/6/2026		6/6/2026	8,574.01						
12/6/2026		12/6/2026	8,766.93						
6/6/2027		6/6/2027	8,991.82						
Municipal Building #2	6/6/1997	75,000	6/6/2014	1,264.36	4.500%	48,199.72		2,446.10	45,753.62
	12/6/2014		12/6/2014	1,292.73					
	6/6/2015		6/6/2015	1,321.74					
	12/6/2015		12/6/2015	1,351.40					
	6/6/2016		6/6/2016	1,381.72					
	12/6/2016		12/6/2016	1,412.73					
	6/6/2017		6/6/2017	2,291.00					
	12/6/2017		12/6/2017	1,495.83					
	6/6/2018		6/6/2018	1,529.40					
	12/6/2018		12/6/2018	1,563.71					
	6/6/2019		6/6/2019	1,598.80					
	12/6/2019		12/6/2019	1,634.67					
	6/6/2020		6/6/2020	1,671.35					
	12/6/2020		12/6/2020	1,708.86					
6/6/2021		6/6/2021	1,747.20						
12/6/2021		12/6/2021	1,786.40						
6/6/2022		6/6/2022	1,826.49						
12/6/2022		12/6/2022	1,867.47						

**GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
			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					
						\$ 241,723.93		12,169.69	229,554.24

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Acquisition by Foreclosure or Purchase of Various Properties	466-03	6/29/2006	6/21/2012	6/21/2013	1.750% \$	9,000.00		9,000.00	-
Supplemental Appropriation for the Restoration of Lake Lily	470-03	6/29/2006	6/21/2012	6/21/2013	1.750%	3,400.00		3,400.00	-
Survey of Historic House	524-06	6/24/2010	6/21/2012	6/21/2013	1.750%	13,200.00		13,200.00	-
Various Capital Improvements	533-07	6/29/2007	6/21/2012	6/21/2013	1.750%	25,200.00		25,200.00	-
b) Areation of Lake Lily						2,842.00		2,842.00	-
c) Purchase and Construction of Lifeguard Equipment						333,558.00	216,200.00	333,558.00	216,200.00
Purchase of Fire Truck	529-07	6/26/2008	6/21/2012	6/20/2014	1.625%	86,200.00	82,200.00	86,200.00	82,200.00
Renovation of Borough Fire Station	535-07	6/26/2008	6/21/2012	6/20/2014	1.625%				
Various Capital Improvements	546-08	6/24/2010	6/21/2012	6/20/2014	1.625%				
a) Improv. Beach Entranceways						13,700.00	13,700.00	13,700.00	13,700.00
b) Purchase of Beach Equipment						12,300.00	12,300.00	12,300.00	12,300.00
c) Upgrade of Munic. Financial Software						3,100.00	2,200.00	3,100.00	2,200.00
e) Purchase of Beach Chairs						1,500.00	-	1,500.00	-
Various Capital Improvements	584-10	6/23/2011	6/21/2012	6/20/2014	1.625%				
a) Surveillance System						68,400.00	65,800.00	68,400.00	65,800.00
b) Purchase Beach Vehicle						37,000.00	37,000.00	37,000.00	37,000.00
c) Construct New Public Works Building						57,000.00	57,000.00	57,000.00	57,000.00
d) Beach Renourishment						154,000.00	154,000.00	154,000.00	154,000.00
Various Capital Improvements	595-11	6/21/2012	6/21/2012	6/20/2014	1.625%				
a) Public Works Equipment						33,300.00	33,300.00	33,300.00	33,300.00
b) Addition to Surveillance System						9,200.00	9,200.00	9,200.00	9,200.00
Various Capital Improvements	606-12	6/20/2013	6/20/2013	6/20/2014	1.625%				
a) Beach Renourishment Project						114,000.00	114,000.00		114,000.00
b) Resurface West Lake Drive						60,000.00	60,000.00		60,000.00
c) Purch. Portable WHF Radios						4,500.00	4,500.00		4,500.00
						\$ 862,900.00	\$ 861,400.00	\$ 862,900.00	\$ 861,400.00
						\$	\$ 178,500.00	\$ 180,000.00	\$
							682,900.00	682,900.00	
							\$ 861,400.00	\$ 862,900.00	

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
466-03	Acquisition by Foreclosure or Purchase of Various Properties	\$ 13.93				13.93
470-03	Supplemental Appropriation for the Restoration of Lake Lily	70.00				70.00
584-10	Various Capital Improvements b) Purchase Beach Vehicle	50.00				50.00
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>\$ 178,633.93</u>	<u>-</u>	<u>178,500.00</u>	<u>-</u>	<u>133.93</u>

**WATER AND SEWER UTILITY FUNDS
SCHEDULE OF CASH**

	Operating	Capital
	\$	\$
Balance December 31, 2012	240,764.80	34,602.15
Increased by Receipts:		
Water and Sewer Rent Collected	522,913.92	
Interest Earned on Deposits	221.13	
Miscellaneous Revenue Not Anticipated	5,429.66	
Utility Rent Overpayments	5,180.61	
Utility Rent Prepayments	44,482.42	
Purchase of Backhoe - Current Fund Share	10,500.00	
	<u>588,727.74</u>	<u>-</u>
	829,492.54	34,602.15
Decreased by Disbursements:		
Current Appropriations	559,227.05	
Accrued Interest on Bonds and Notes	63,566.47	
Appropriation Reserves	15,838.41	
Due from Current Fund	785.40	
	<u>639,417.33</u>	<u>-</u>
Balance December 31, 2013	\$ 190,075.21	\$ 34,602.15

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

	Receipts		Disbursements			Balance Dec. 31, 2013
	Balance Dec. 31, 2012	Budget Appropriation	Bond Antic. Notes	Misc.	Improvement Authorizations	
Fund Balance	\$ 4,465.70	\$	\$	\$	\$	4,465.70
Capital Improvement Fund	5,250.00					5,250.00
<u>Improvement Authorizations</u>						
Ord.						
360-96 Water Main Reconstruction and						
Lateral Improvements	19,633.75					19,633.75
414-99 Lateral Improvements	4,795.00					4,795.00
536-07 Improvements to Water Tower	457.70					457.70
	<u>\$ 34,602.15</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 34,602.15</u>

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

Balance December 31, 2012		\$	22,921.94
Increased By:			
2013 Rents Levied	\$	594,224.62	
Penalties Assessed		<u>1,922.72</u>	
			<u>596,147.34</u>
			<u>619,069.28</u>
Decreased By:			
Collections - Rents		522,913.92	
Collections - Penalties		1,979.66	
Overpayments Applied		490.34	
Prepayments Applied		<u>48,902.35</u>	
			<u>574,286.27</u>
Balance December 31, 2013		\$	<u><u>44,783.01</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Other Expenses	\$ 53,955.23	\$ 53,955.23	\$ 15,838.41	\$ 38,116.82	\$ -
Other Accounts - No Changes	16,328.92	16,328.92		16,328.92	-
TOTALS	<u>\$ 70,284.15</u>	<u>\$ 70,284.15</u>	<u>\$ 15,838.41</u>	<u>\$ 54,445.74</u>	<u>\$ -</u>

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

Balance December 31, 2012	\$	18,427.12
Increased By:		
Budget Appropriation:		
Interest on Bonds, Notes and Loans	\$	62,658.44
		62,658.44
		81,085.56
Decreased By:		
Interest Paid on Bonds and Loans		63,566.47
		63,566.47
Balance December 31, 2013	\$	17,519.09

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
\$ 722,587.90	5.000%	9/23/2013	12/31/2013	99	\$ 9,799.49
299,508.00	4.500%	7/2/2013	12/31/2013	182	6,720.48
233,910.40	4.500%	12/14/2013	12/31/2013	17	490.25
37,866.02	Variable	8/1/2013	12/31/2013	153	334.23
29,000.00	1.625%	6/29/2013	12/31/2013	191	174.64
\$ 1,322,872.32					\$ 17,519.09

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

Ord. Number	Improvement Description	Ord. Date	Amount	2013 Authorizations		Paid or Charged	Balance December 31, 2013	
				Balance December 31, 2012	Deferred Charges to Future Revenue		Other	Funded
				Funded	Unfunded		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	457.70	457.70	50,000.00
				<u>\$ 24,428.75</u>	<u>\$ 50,457.70</u>	<u>\$ -</u>	<u>\$ 24,886.45</u>	<u>\$ 50,000.00</u>

**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, 2013 Amount	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Water and Sewer Rehabilitation Loan	3/23/1989	\$ 1,165,000			5.00%	\$			
			15,756.30						
			16,150.21						
			16,553.96						
			16,967.81						
			17,392.01						
			17,826.81						
			18,272.48						
			18,729.29						
			19,197.52						
			19,677.46						
			20,169.40						
			20,673.63						
			21,190.47						
			21,720.23						
			22,263.24						
			22,819.82						
			23,390.32						
			23,975.07						
			24,574.45						
			25,188.81						
			25,818.53						
			26,464.00						
			27,125.60						
			27,803.70						
			28,498.83						
			29,211.30						
			29,941.58						
			30,690.12						
		31,457.38							
		32,243.81							
		30,843.76							
						\$	752,956.71	\$	722,587.64
							-		30,369.07
									\$ 30,369.07

**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				Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Outstanding December 31, 2013 Amount	Interest Rate	Balance Dec. 31, 2012				
Construction of Municipal Water Storage Tank	12/14/1994	\$ 320,500	6/14/2014	3,414.02	4.50%	\$ 240,514.71	\$	6,604.31	\$ 233,910.40	
			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							

**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				Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Outstanding December 31, 2013 Amount	Interest Rate	Balance Dec. 31, 2012				
Construction of Municipal Water Storage Tank	12/14/1994	\$ 320,500	6/14/2030	\$ 6,958.12		\$	\$	\$	\$	
			12/14/2030	7,114.68						
			6/14/2031	7,274.76						
			12/14/2031	7,438.44						
			6/14/2032	7,605.81						
			12/14/2032	7,776.94						
			6/14/2033	7,951.92						
			12/14/2033	8,130.84						
			6/14/2034	8,313.78						
			12/14/2034	7,829.39						
						\$ 240,514.71	\$ -	\$ 6,604.31	\$ 233,910.40	

**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, 2013	Interest Rate	Balance Dec. 31, 2012	Balance Dec. 31, 2013	
			Amount		Increased	Decreased	
Water and Sewer Rehabilitation Loan	7/2/1998	\$ 375,000	3,417.44	4.50%	\$ 306,119.83	\$ 6,610.93	\$ 299,508.90
	1/2/2014		3,494.33				
	7/2/2014		3,572.95				
	1/2/2015		3,653.34				
	7/2/2015		3,735.54				
	1/2/2016		3,819.59				
	7/2/2016		3,905.53				
	1/2/2017		3,993.41				
	7/2/2017		4,083.26				
	1/2/2018		4,175.13				
	7/2/2018		4,269.07				
	1/2/2019		4,365.13				
	7/2/2019		4,463.34				
	1/2/2020		4,563.77				
	7/2/2020		4,666.45				
	1/2/2021		4,771.45				
	7/2/2021		4,878.80				
	1/2/2022		4,988.58				
	7/2/2022		5,100.82				
	1/2/2023		5,215.59				
	7/2/2023		5,332.94				
	1/2/2024		5,452.93				
	7/2/2024		5,575.62				
	1/2/2025		5,701.07				
	7/2/2025		5,829.35				
	1/2/2026		5,960.51				
	7/2/2026		6,094.62				
	1/2/2027		6,231.75				
	7/2/2027		6,371.96				
	1/2/2028		6,515.33				
	7/2/2028		6,661.93				
	1/2/2029		6,811.82				
	7/2/2029						

**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				Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Outstanding December 31, 2013	Interest Rate	Amount	Balance Dec. 31, 2012				
Water and Sewer Rehabilitation Loan	7/2/1998	\$ 375,000	\$			\$			\$	
	1/2/2030			6,965.09						
	7/2/2030			7,121.80						
	1/2/2031			7,282.04						
	7/2/2031			7,445.89						
	1/2/2032			7,613.42						
	7/2/2032			7,784.72						
	1/2/2033			7,959.88						
	7/2/2033			8,138.97						
	1/2/2034			8,322.10						
	7/2/2034			8,509.35						
	1/2/2035			8,700.81						
	7/2/2035			8,896.58						
	1/2/2036			9,096.75						
7/2/2036			9,301.43							
1/2/2037			9,510.71							
7/2/2037			9,724.70							
1/2/2038			9,266.39							
						\$ 306,119.83	-	6,610.93	\$ 299,508.90	

**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 Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			December 31, 2013	Amount					
Pavilion Circle Pump Station	11/30/2005	\$ 161,766			Var.	\$ 56,241.00	\$	\$ 18,374.97	\$ 37,866.03
			2/1/2014	328.30					
			8/1/2014	18,411.06					
			2/1/2015	170.18					
			8/1/2015	18,956.46					
						\$ 56,241.00	\$ -	\$ 18,374.97	\$ 37,866.03

**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, 2012	Increased	Decreased	Balance Dec. 31, 2013
594-11	Purchase Backhoe	6/21/2012	6/20/2013	6/20/2014	1.625%	39,000.00		10,000.00	29,000.00
						<u>\$ 39,000.00</u>	<u>-</u>	<u>\$ 10,000.00</u>	<u>\$ 29,000.00</u>
								10,000.00	
								<u>\$ 10,000.00</u>	
									Paid by Budget Appropriation
								<u>\$ 10,000.00</u>	
								<u>\$ 10,000.00</u>	

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

Ord. Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Funded by Budget Appropriation	Bonds, Notes or Loans Issued	Balance Dec. 31, 2013
536-07	Improvements to Water Tower	50,000.00	-	-	-	50,000.00
		<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000.00</u>

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BOROUGH OF CAPE MAY POINT

PART II

GENERAL COMMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2013

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 Borough employs a Qualified Purchasing Agent which increases the threshold to \$36,000.

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 bids were sought by public advertising in 2013 for the following:

Resurfacing West Lake Drive.

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 2013.

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>
2013	-
2012	-
2011	-

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 2013 and 2014 Taxes	10
Delinquent Taxes	5
Payment of Water and Sewer Rents	10
Delinquent Water and Sewer Rents	5
Total	<u>30</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.

RECOMMENDATIONS

2013-1:

That water utility meter readings, for billing purposes, be reviewed for accuracy prior to utility bills being sent to the users.

2013-2:

That the proper amounts be withheld from the salary and wages for all Borough employees.

BOROUGH OF CAPE MAY POINT

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

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

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 27, 2014

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