



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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, 2014 and 2013, 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, 2014, 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 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 19, 2015 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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

June 19, 2015

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 797,546.75	748,535.89
Cash - Change	100.00	100.00
Total Cash	<u>797,646.75</u>	<u>748,635.89</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	20,470.57	29,017.13
Prepaid School Taxes	13,810.00	
Interfund Receivable:		
Animal Control Fund	17.31	14.98
Water Sewer Operating	15.00	-
Trust Fund - Other	3,622.36	36.57
Total Receivables and Other Assets	<u>37,935.24</u>	<u>29,068.68</u>
Deferred Charges:		
Special Emergency Appropriation	6,000.00	9,000.00
Overexpenditure of Appropriation Reserves	-	292.90
Total Deferred Charges	<u>6,000.00</u>	<u>9,292.90</u>
Total Regular Fund	<u>841,581.99</u>	<u>786,997.47</u>
Federal and State Grant Fund:		
Cash	22,991.32	16,088.87
Federal and State Grants Receivable	570.00	964.82
Total Federal and State Grant Fund	<u>23,561.32</u>	<u>17,053.69</u>
Total Current Fund	<u>\$ 865,143.31</u>	<u>804,051.16</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>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 81,808.17	87,570.43
Reserve for Encumbrances	7,902.71	31,976.40
Prepaid Taxes	109,916.51	107,331.59
Local School Tax Payable	-	5,060.00
County Added Tax Payable	-	652.53
Due to State:		
Marriage Licenses	-	225.00
Training Fees	-	33.00
Interfund Payable:		
Due to Trust Other	42.02	
Water and Sewer Operating Fund	-	2,267.50
Other		
Payroll Deductions Payable	4,477.59	3,484.72
Reserve for Preparation of Master Plan	3,062.50	3,062.50
Reserve for Revaluation	2,251.50	2,251.50
Reserve for Codification of Ordinances	295.00	3,250.00
Reserve for State Tax Appeals	3,562.50	3,562.50
	<u>213,318.50</u>	<u>250,727.67</u>
 Reserve for Receivables and Other Assets	 37,935.24	 29,068.68
 Fund Balance	 <u>590,328.25</u>	 <u>507,201.12</u>
Total Regular Fund	<u>841,581.99</u>	<u>786,997.47</u>
 Federal and State Grant Fund:		
Unappropriated Reserves	4,711.75	836.57
Appropriated Reserves	18,849.57	16,217.12
Total Federal and State Grant Fund	<u>23,561.32</u>	<u>17,053.69</u>
 Total Current Fund	 <u>\$ 865,143.31</u>	 <u>804,051.16</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,**

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 105,000.00	105,000.00
Miscellaneous Revenue Anticipated	294,314.26	270,088.28
Receipts from Delinquent Taxes	29,451.63	21,429.42
Receipts from Current Taxes	2,550,363.73	2,583,146.07
Non Budget Revenue	33,420.63	25,071.10
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	76,072.33	58,688.56
Interfund Returned		1,240.12
Total Income	3,088,622.58	3,064,663.55
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	454,633.38	418,618.58
Other Expenses	405,510.62	448,741.42
Deferred Charges & Statutory Expenditures	98,203.90	81,537.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	5,625.00	5,900.00
Other Expenses	272,331.45	267,539.50
Capital Improvements	43,000.00	43,000.00
Debt Service	346,903.74	372,281.74
Deferred Charges	29,644.78	13,500.00
Local District School Tax	39,058.00	37,740.00
County Tax	1,187,519.08	1,248,854.57
County Share of Added Tax	652.53	652.53
Interfund Created	3,602.97	-
Other:		
Prepaid School Taxes	13,810.00	-
Total Expenditures	2,900,495.45	2,938,365.34
Excess in Revenue	188,127.13	126,298.21

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,**

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	188,127.13	126,298.21
Fund Balance January 1	507,201.12	485,902.91
	695,328.25	612,201.12
Decreased by:		
Utilization as Anticipated Revenue	105,000.00	105,000.00
Fund Balance December 31	\$ 590,328.25	507,201.12

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, 2014**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 105,000.00	105,000.00	-
Total Fund Balance Anticipated	105,000.00	105,000.00	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	47,000.00	48,520.00	1,520.00
Fines and Costs:			
Municipal Court	1,500.00	1,615.88	115.88
Interest and Costs on Taxes	3,700.00	4,466.56	766.56
Interest Earned on Investments	800.00	3,990.37	3,190.37
Beach Fees	140,000.00	161,178.00	21,178.00
Total Section A: Local Revenues	193,000.00	219,770.81	26,770.81
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	26,176.00	26,176.00	-
Total Section B: State Aid Without Offsetting Appropriations	26,176.00	26,176.00	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	30,000.00	39,836.00	9,836.00
Total Section C: Uniform Construction Code Fees	30,000.00	39,836.00	9,836.00

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
		Realized	
Section E: Special Items - Additional Revenues			
Offset with Appropriations			
Rental Licenses (Offset)	5,625.00	5,625.00	-
Total Section E: Additional Revenues	5,625.00	5,625.00	-
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Atlantic County Municipal Joint Insurance	750.00		-
Fund - Safety Incentive		1,319.88	-
CMCUA Recycling Grant		783.80	-
Recycling Tonnage Grant		52.77	-
Municipal Court Alcohol Grant			
Total Section F: Special Items - Public and Private Programs	1,586.57	1,319.88	-
Total Miscellaneous Revenues:	256,387.57	1,319.88	36,606.81
Receipts from Delinquent Taxes	21,000.00	29,451.63	8,451.63
Amount to be Raised by Taxes for Support of Municipal Budget	1,329,304.94	1,380,147.38	50,842.44
Local Tax for Municipal Purposes			
Total Amount to be Raised by Taxes for Support of Municipal Budget	1,329,304.94	1,380,147.38	50,842.44
Budget Totals	1,711,692.51	1,808,913.27	95,900.88
Non- Budget Revenues:			
Other Non- Budget Revenues:		33,420.63	33,420.63
	1,711,692.51	1,842,333.90	129,321.51

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, 2014**

Analysis of Realized Revenues	
Allocation of Current Tax Collections:	
Revenue from Collections	2,550,363.73
Less: Reserve for Tax Appeals Pending	<u> -</u>
Net Revenue from Collections	2,550,363.73
Allocated to:	
School, County and Other Taxes	<u>1,227,229.61</u>
Balance for Support of Municipal Budget Appropriations	1,323,134.12
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>57,013.26</u>
Amount for Support of Municipal Budget Appropriations	<u><u>1,380,147.38</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collection	29,451.63
Tax Title Lien Collections	<u> -</u>
Total Receipts from Delinquent Taxes	<u><u>29,451.63</u></u>
Analysis of Non-Budget Revenue:	
Miscellaneous Revenue Not Anticipated:	
Certified Copies/OPRA	93.85
Zoning Fees	13,340.00
Street Openings	2,000.00
Assessor Property Lists	180.00
Marriage Licenses	230.00
Planning Board Fees	600.00
Comcast Franchise Fees	5,438.43
Escrow Balances Cancelled	9,515.68
Assessor Searches	70.00
Election Fees	900.00
Facilities and Use Fee	745.00
Bond Anticipation Note Premium	200.00
Administrator Fee - Veterans and Senior Citizens	95.00
Miscellaneous	7.05
PERS Refunds	<u>5.62</u>
Total Miscellaneous Revenue Not Anticipated:	<u><u>33,420.63</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, 2014**

	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	9,999.86		0.14	-
Other Expenses	1,000.00	1,000.00	566.82		433.18	-
Beach Fee Program						
Salaries and Wages	46,574.00	43,366.25	43,366.25		-	-
Other Expenses	5,400.00	8,607.75	3,008.10	696.00	4,903.65	-
Lifeguards						
Salaries and Wages	109,000.00	106,852.13	106,852.13		-	-
Other Expenses	10,975.00	13,122.87	10,227.52	2,895.35	-	(0.00)
Municipal Court						
Other Expenses	12,500.00	12,500.00	12,380.60		119.40	-
First Aid Organizations						
Other Expenses	19,000.00	19,000.00	13,671.59		5,328.41	-
Emergency Management Services						
Other Expenses	2,400.00	2,400.00	938.25		1,461.75	-
Animal Control						
Other Expenses	2,800.00	2,800.00	2,314.66		485.34	-
Cape May Point Environmental Commission						
Other Expenses	2,600.00	2,600.00	1,290.00		1,310.00	-
Aid to Volunteer Fire Company (N.J.S.A. 40A:14-33)	8,000.00	8,000.00	7,584.46	180.00	235.54	-
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	12,000.00	12,000.00	11,922.86		77.14	-
Other Expenses	1,000.00	1,000.00	860.88		139.12	-
Annual Audit						
Other Expenses	18,500.00	18,500.00	18,500.00		-	-
Municipal Clerk's Office						
Salaries and Wages	59,965.00	59,965.00	59,965.00		-	-
Other Expenses	8,500.00	8,500.00	6,492.56	349.00	1,658.44	-
Assessment Searches						
Salaries and Wages	1,700.00	1,700.00	1,700.00		-	-
Computer Operations						
Salaries and Wages	28,000.00	25,000.00	16,233.40	458.61	8,307.99	-
Other Expenses						

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, 2014**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Elections							
Salaries and Wages	2,550.00	2,550.00	2,550.00	2,550.00	-	-	-
Other Expenses	2,400.00	2,400.00	1,650.00	1,650.00	750.00	-	-
Financial Administration							
Salaries and Wages	31,900.00	31,900.00	31,900.00	31,900.00	-	-	-
Other Expenses	10,000.00	10,000.00	5,776.02	5,776.02	3,699.23	-	-
Registrar of Vital Statistics							
Salaries and Wages	2,000.00	2,000.00	2,000.00	2,000.00	-	-	-
Assessment of Taxes							
Salaries and Wages	14,000.00	14,000.00	13,499.98	13,499.98	500.02	-	-
Other Expenses	500.00	500.00	384.50	384.50	115.50	-	-
Codification of Ordinances							
Other Expenses	4,000.00	-	-	-	-	-	-
Collection of Taxes							
Salaries and Wages	14,800.00	14,800.00	14,800.00	14,800.00	-	-	-
Other Expenses	700.00	700.00	700.00	700.00	-	-	-
Tax Searches							
Salaries and Wages	1,200.00	1,200.00	472.62	472.62	727.38	-	-
Legal Services and Costs							
Other Expenses	20,000.00	20,000.00	17,625.88	17,625.88	2,374.12	-	-
Rent of Fire Hall							
Other Expenses	3,600.00	3,600.00	3,600.00	3,600.00	-	-	-
Code Enforcement Official							
Salaries and Wages	3,000.00	3,000.00	2,812.50	2,812.50	187.50	-	-
Other Expenses	200.00	200.00	200.00	200.00	200.00	-	-
Planning Board							
Salaries and Wages	2,000.00	2,000.00	1,999.92	1,999.92	0.08	-	-
Other Expenses	12,750.00	19,750.00	19,527.48	19,527.48	11.16	-	-
Board of Adjustment							
Salaries and Wages	2,000.00	2,000.00	1,846.08	1,846.08	153.92	-	-
Other Expenses	4,500.00	4,500.00	3,580.04	3,580.04	919.96	-	-
Floodplain Administrator							
Salaries and Wages	2,000.00	2,000.00	2,000.00	2,000.00	-	-	-
Advertising and Printing							
Other Expenses	4,000.00	4,000.00	1,803.07	1,803.07	65.72	2,131.21	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
Insurance							
General Liability	11,000.00		11,000.00	11,000.00			-
Workers Compensation Insurance	17,560.00		17,560.00	17,560.00			-
Employee Group Health	4,850.00		4,850.00	4,850.00			-
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY							
Director's Office							
Salaries and Wages	10,000.00		10,000.00	9,999.86		0.14	-
Other Expenses	1,000.00		1,000.00	618.33		381.67	-
Engineering Services and Costs							
Other Expenses	6,000.00		7,200.00	6,099.31		1,100.69	-
Public Buildings and Grounds							
Salaries and Wages			-				-
Other Expenses	51,500.00		50,300.00	45,869.63	2,258.39	2,171.98	-
Public Works Maintenance							
Salaries and Wages	68,500.00		68,500.00	68,500.00			-
Other Expenses	14,900.00		14,900.00	11,739.11		3,160.89	-
Road Repairs and Maintenance							
Other Expenses	5,000.00		5,000.00	2,785.74		2,214.26	-
Beach Restoration and Maintenance							
Other Expenses	11,000.00		11,000.00	7,909.62		3,090.38	-
Garbage and Trash Removal							
Other Expenses	50,000.00		50,000.00	40,891.76		9,108.24	-
Recycling							
Other Expenses	21,000.00		21,000.00	18,733.00		2,267.00	-
Parks and Public Property							
Other Expenses	12,570.00		12,570.00	12,533.27		36.73	-
UNIFORM CONSTRUCTION CODE							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	41,000.00		41,000.00	41,000.00			-
Other Expenses	1,000.00		1,000.00	338.65		661.35	-
Fire Inspections							
Salaries and Wages	800.00		800.00	396.14		403.86	-
Other Expenses	200.00		200.00			200.00	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES							
Electricity	13,250.00		13,250.00				-
Telephone	6,000.00		6,000.00	5,536.27	463.73		(0.00)
Street Lighting	15,000.00		15,000.00	14,843.04		156.96	-
TOTAL OPERATIONS WITHIN "CAPS"	860,144.00		860,144.00	790,856.76	7,902.71	61,384.53	(0.00)
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	860,144.00		860,144.00	790,856.76	7,902.71	61,384.53	(0.00)
Detail:							
Salaries and Wages	462,989.00		454,633.38	443,816.60	458.61	10,358.17	-
Other Expenses	397,155.00		405,510.62	347,040.16	7,444.10	51,026.36	(0.00)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:							
Deferred Charges:							
Overexpenditure of Appropriations	292.90		292.90	292.90			-
Statutory Expenditures:							
Contributions to:							
Public Employees' Retirement System	32,311.00		32,311.00	29,016.00		3,295.00	-
Social Security System (O.A.S.I.)	35,000.00		35,000.00	33,606.04		1,393.96	-
Unemployment Compensation Insurance	30,000.00		30,000.00	15,000.00		15,000.00	-
Defined Contribution Retirement Program	600.00		600.00	412.50		187.50	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	98,203.90		98,203.90	78,327.44	-	19,876.46	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	958,347.90	958,347.90	869,184.20	7,902.71	81,260.99	(0.00)
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	268,825.00	268,825.00	268,824.00	1.00	-	-
Fire Inspections - Rental Permit Fees						
Salaries and Wages	5,625.00	5,625.00	5,600.00	25.00	-	-
	<u>275,050.00</u>	<u>275,050.00</u>	<u>275,024.00</u>	<u>-</u>	<u>26.00</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Atlantic County Joint Insurance Fund - Safety Incentive	750.00	750.00	750.00	-	-	-
Recycling Tonnage Grant	783.80	783.80	783.80	-	-	-
Municipal Court Alcohol Grant	52.77	52.77	52.77	-	-	-
CMCUA Recycling Grant	-	1,319.88	1,319.88	-	-	-
	<u>1,586.57</u>	<u>2,906.45</u>	<u>2,906.45</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues	276,636.57	277,956.45	277,930.45	-	26.00	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	5,625.00	5,625.00	5,600.00	-	25.00	-
Other Expenses	271,011.57	272,331.45	272,330.45	-	1.00	-
(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	2,478.82	-	521.18	-
	<u>43,000.00</u>	<u>43,000.00</u>	<u>42,478.82</u>	<u>-</u>	<u>521.18</u>	<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, 2014**

	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
	Budget	Paid or Charged		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	12,750.00	12,723.16	12,750.00	-	-	26.84
Payment of Bond Anticipation Notes	310,000.00	310,000.00	310,000.00	-	-	-
Interest on Bonds	10,200.00	10,182.84	10,200.00	-	-	17.16
Interest on Notes	14,100.00	13,997.74	14,100.00	-	-	102.26
Total Debt Service	347,050.00	346,903.74	347,050.00	-	-	146.26
(E) Deferred Charges						
Emergency Authorizations	3,000.00	3,000.00	3,000.00	-	-	-
Deferred Charges to Future Taxation Unfunded Ordinance 594-11	26,644.78	26,644.78	26,644.78	-	-	-
Total Deferred Charges	29,644.78	29,644.78	29,644.78	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	696,331.35	696,957.79	697,651.23	-	547.18	146.26
SUBTOTAL GENERAL APPROPRIATIONS	1,654,679.25	1,566,141.99	1,655,999.13	7,902.71	81,808.17	146.26
(M) Reserve for Uncollected Taxes	57,013.26	57,013.26	57,013.26	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 1,711,692.51	1,623,155.25	1,713,012.39	7,902.71	81,808.17	146.26
Budget Appropriations by 40A-4-87 Emergency Appropriations	1,711,692.51		1,711,692.51			
			1,319.88			
			<u>1,713,012.39</u>			
Reserve for Uncollected Taxes Federal and State Grants		57,013.26				
Deferred Charges Disbursements		2,906.45				
		3,292.90				
		1,559,942.64				
		<u>1,623,155.25</u>				

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

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

	2014	2013
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash	\$ 610.31	\$ 462.38
Overpaid State Dog License Fees	-	7.20
	610.31	469.58
<u>Other Funds</u>		
Cash	223,201.72	171,744.16
	223,201.72	171,744.16
	\$ 223,812.03	\$ 172,213.74
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 593.00	\$ 454.60
Due to Current Fund	17.31	14.98
	610.31	469.58
<u>Other Funds</u>		
Due to Current Fund	3,580.34	36.57
Reserve for Escrow Deposits	3,601.68	8,546.16
Reserve for Unemployment Compensation	39,268.11	24,512.30
Reserve for Housing Expenditures - COAH	169,528.09	132,463.83
Reserve for Environmental Commission	25.00	365.55
Reserve for Lifeguard Trust	7,198.50	5,819.75
	223,201.72	171,744.16
	\$ 223,812.03	\$ 172,213.74

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

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 432,024.59	400,579.50
Deferred Charges to Future Taxation -		
Funded	216,831.08	229,554.24
Unfunded	551,533.93	861,533.93
Interfunds and Receivables		
Federal and State Grant Receivable	106,508.00	106,508.00
	<u>1,306,897.60</u>	<u>1,598,175.67</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Encumbrances	-	44,743.32
Bond Anticipation Notes Payable	551,400.00	861,400.00
U.S.D.A. Rural Development Loans Payable	216,831.08	229,554.24
Improvement Authorizations:		
Funded	42,320.48	42,268.75
Unfunded	103,141.95	88,650.05
Reserve to Pay Bonds and Notes	21,644.78	-
Capital Improvement Fund	369,822.98	329,822.98
Fund Balance	1,736.33	1,736.33
	<u>\$ 1,306,897.60</u>	<u>1,598,175.67</u>

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

2013	\$	133.93
2014	\$	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,**

	2014	2013
Beginning Balance January 1	\$ 1,736.33	1,736.33
Increased by:		
No activity in 2014		
Decreased by:		
No activity in 2014		
Ending Balance December 31	\$ 1,736.33	1,736.33

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,

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 244,119.92	\$ 190,075.21
Due from Current Fund	-	2,267.50
	<u>244,119.92</u>	<u>192,342.71</u>
Receivables With Full Reserves		
Consumer Accounts Receivable	59,650.17	44,783.01
	<u>59,650.17</u>	<u>44,783.01</u>
Total Operating Fund	<u>303,770.09</u>	<u>237,125.72</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>5,641,034.51</u>	<u>5,574,390.14</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,

	2014	2013
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 43,748.77	\$ 32,449.66
Prepaid Rents	89,771.85	44,482.42
Overpaid Rents	1,508.21	5,180.61
Reserve for Encumbrances	1,591.69	4,642.57
Due to Current Fund	15.00	-
Accrued Interest on Bonds and Notes	16,571.09	17,519.09
	153,206.61	104,274.35
Reserve for Receivables	59,650.17	44,783.01
Fund Balance	90,913.31	88,068.36
Total Operating Fund	303,770.09	237,125.72
Capital Fund:		
USDA Loans Payable	1,210,283.81	1,256,006.94
NJEIT Loans	19,126.67	37,866.03
Bond Anticipation Notes Payable	19,000.00	29,000.00
Improvement Authorizations		
Funded	457.70	24,886.45
Unfunded	50,000.00	50,000.00
Reserve for Amortization	3,925,251.79	3,860,789.30
Deferred Reserve for Amortization	79,000.00	69,000.00
Capital Improvement Fund	5,250.00	5,250.00
Fund Balance	28,894.45	4,465.70
Total Capital Fund	5,337,264.42	5,337,264.42
	\$ 5,641,034.51	\$ 5,574,390.14

There were Bonds and Notes Authorized But Not Issued at December 31, 2014 and 2013 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 2014</u>	<u>Year 2013</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 72,700.00	\$ 60,260.00
Water and Sewer Rents	616,765.65	577,736.27
Miscellaneous:		
Interest on Investments	732.97	221.13
Current fund - Share of Purchase of Backhoe	5,000.00	10,500.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	28,712.84	54,445.74
Total Income	<u>723,911.46</u>	<u>703,163.14</u>
 Expenditures:		
Operations:		
Salaries and Wages	69,000.00	73,000.00
Other Expenses	434,500.00	432,860.00
Capital Improvements	5,000.00	13,000.00
Debt Service	134,366.51	134,617.72
Deferred Charges and Statutory Expenditures	5,500.00	5,500.00
Total Expenditures	<u>648,366.51</u>	<u>658,977.72</u>
Excess in Revenue	75,544.95	44,185.42
 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>
	75,544.95	44,185.42
Fund Balance January 1	<u>88,068.36</u>	<u>104,142.94</u>
	163,613.31	148,328.36
Decreased By:		
Utilization as Anticipated Revenue	<u>72,700.00</u>	<u>60,260.00</u>
Balance December 31	<u>\$ 90,913.31</u>	<u>\$ 88,068.36</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>2014</u>	<u>2013</u>
Balance January 1	\$ 4,465.70	\$ 4,465.70
Increased By:		
Funded Improvement Authorizations Canceled	24,428.75	
Decreased By:		
No Activity in 2014		
Balance December 31	<u>\$ 28,894.45</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**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 72,700.00	\$ 72,700.00	\$ -
Anticipated Revenue:			
Water Rents	311,300.00	323,144.11	11,844.11
Sewer Rents	260,900.00	293,621.54	32,721.54
Interest Earned on Deposits	200.00	732.97	532.97
Purchase of Backhoe - Current Fund Share	5,000.00	5,000.00	-
	<u>577,400.00</u>	<u>622,498.62</u>	<u>45,098.62</u>
Total Revenue	\$ <u>650,100.00</u>	\$ <u>695,198.62</u>	\$ <u>45,098.62</u>

Analysis of Realized Revenue:

Water Rents			
Accounts Receivable	\$ 323,144.11		
		<u>\$ 323,144.11</u>	
Total Water Rents			
Sewer Rents			
Accounts Receivable	\$ 293,621.54		
		<u>\$ 293,621.54</u>	
Total Sewer Rents			

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	\$ 69,000.00	\$ 69,000.00	\$ 50,363.23	\$ 18,636.77	\$ -
Other Expenses	434,500.00	434,500.00	412,695.63	21,637.78	-
	503,500.00	503,500.00	463,058.86	40,274.55	-
Capital Improvements:					
Capital Outlay	5,000.00	5,000.00	2,259.62	1,425.10	-
	5,000.00	5,000.00	2,259.62	1,315.28	-
Debt Service:					
Payment of Bond Principal	64,600.00	64,600.00	64,462.49	-	137.51
Payment of Bond Anticipation Notes	10,000.00	10,000.00	10,000.00	-	-
Interest on Bonds	61,000.00	61,000.00	59,432.77	-	1,567.23
Interest on Notes	500.00	500.00	471.25	-	28.75
	136,100.00	136,100.00	134,366.51	-	1,733.49
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	5,500.00	5,500.00	3,341.06	2,158.94	-
	5,500.00	5,500.00	3,341.06	2,158.94	-
	<u>\$ 650,100.00</u>	<u>\$ 650,100.00</u>	<u>\$ 603,026.05</u>	<u>\$ 43,748.77</u>	<u>\$ 1,733.49</u>

Accrued Interest on Bonds and Notes
Cash Disbursed

\$	59,904.02
\$	543,122.03
	<u>603,026.05</u>

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

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

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Buildings and Improvements	\$ 1,050,000.00	\$ 1,050,000.00
Machinery and Equipment	984,354.57	988,632.67
	<u>2,034,354.57</u>	<u>2,038,632.67</u>
Total General Fixed Assets	\$ <u>2,034,354.57</u>	\$ <u>2,038,632.67</u>
<u>Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>2,034,354.57</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, 2014 AND 2013**

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 water and sewer utility and acquisition of water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

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

C. Basis of Accounting

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

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

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, 2014 AND 2013
(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 31st 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 or 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, 2014 AND 2013
(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, 2014 AND 2013
(CONTINUED)

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 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$57,013.26, and \$53,328.90. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$105,000 of \$507,201.12 available fund balance and \$105,000 of \$485,902.91 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 2014 and 2013 calendar years.

	<u>2014</u>	<u>2013</u>
Engineering Services - OE	\$ 1,200.00	\$
Computer Operations - OE	(3,000.00)	
Planning Board - OE	7,000.00	
Beach Tag Inspector - S&W	(6,481.50)	(2,913.00)
Beach Tag Inspector - OE	6,481.50	2,913.00
Lifeguards - S&W	(2,147.87)	(5,310.00)
Lifeguards - OE	2,147.87	5,310.00
Codification of Ordinances	(4,000.00)	
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
Public Building & Grounds - OE	(1,200.00)	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2014 and 2013, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Recycling Tonnage Grant	\$ 1,320	\$ 1,195
Clean Communities Program	-	4,000

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.

