

BOROUGH OF CAPE MAY POINT
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2016

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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, 2016



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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 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 April 14, 2017 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

April 14, 2017

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EXHIBIT - A
CURRENT FUND

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

	2016	2015
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 917,774.12	802,777.44
Cash - Change	300.00	200.00
Total Cash	918,074.12	802,977.44
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	20,225.54	22,517.31
Interfund Receivable:		
Animal Control Fund	649.56	20.52
General Capital Fund	-	5,000.00
Water Sewer Operating	-	4,197.50
Trust Fund - Other	20.34	3,812.42
Total Receivables and Other Assets	20,895.44	35,547.75
Deferred Charges:		
Special Emergency Appropriation	-	3,000.00
Emergency Appropriation	-	11,000.00
Overexpenditure of Appropriation Reserves	-	-
Total Deferred Charges	-	14,000.00
Total Regular Fund	938,969.56	852,525.19
Federal and State Grant Fund:		
Cash	25,496.77	22,223.07
Federal and State Grants Receivable	204,570.00	75,570.00
Total Federal and State Grant Fund	230,066.77	97,793.07
Total Current Fund	\$ 1,169,036.33	950,318.26

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>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 133,532.03	76,693.39
Reserve for Encumbrances	8,003.86	3,895.56
Prepaid Taxes	98,013.80	97,591.05
Local School Tax Payable	37,749.00	12,749.00
County Added Tax Payable	2,572.70	2,185.08
Interfund Payable:		
Water Sewer Operating	1,189.28	-
Other		
Payroll Deductions Payable	1.70	569.04
Reserve for Preparation of Master Plan	3,062.50	3,062.50
Reserve for Revaluation	2,316.54	3,516.54
Reserve for Codification of Ordinances	295.00	295.00
Reserve for State Tax Appeals	3,562.50	3,562.50
	<u>290,298.91</u>	<u>204,119.66</u>
 Reserve for Receivables and Other Assets	 20,895.44	 35,547.75
 Fund Balance	 <u>627,775.21</u>	 <u>612,857.78</u>
Total Regular Fund	<u>938,969.56</u>	<u>852,525.19</u>
 Federal and State Grant Fund:		
Unappropriated Reserves	-	-
Appropriated Reserves	<u>230,066.77</u>	<u>97,793.07</u>
Total Federal and State Grant Fund	<u>230,066.77</u>	<u>97,793.07</u>
 Total Current Fund	 <u>\$ 1,169,036.33</u>	 <u>950,318.26</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,**

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 190,878.78	139,456.49
Miscellaneous Revenue Anticipated	424,149.90	365,985.72
Receipts from Delinquent Taxes	27,953.06	20,470.57
Receipts from Current Taxes	2,617,747.69	2,545,440.20
Non Budget Revenue	38,839.27	28,680.48
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	57,286.38	61,578.53
Dog Trust Statutory Excess	624.60	-
Prior Year Prepaid School Taxes	-	13,810.00
Interfund Returned	11,175.70	-
Total Income	<u>3,368,655.38</u>	<u>3,175,421.99</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	448,176.00	429,918.56
Other Expenses	476,919.78	460,228.00
Deferred Charges & Statutory Expenditures	85,521.00	68,036.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	418,471.52	366,395.68
Capital Improvements	244,000.00	43,000.00
Debt Service	169,810.92	383,821.78
Deferred Charges	19,000.00	33,929.93
Local District School Tax	153,118.00	53,118.00
County Tax	1,145,269.25	1,174,427.17
County Share of Added Tax	2,572.70	2,185.08
Interfund Created	-	9,375.77
Total Expenditures	<u>3,162,859.17</u>	<u>3,024,435.97</u>
Excess in Revenue	<u>205,796.21</u>	<u>150,986.02</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,**

	2016	2015
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	11,000.00
Total Adjustments	-	11,000.00
Statutory Excess to Fund Balance	205,796.21	161,986.02
Fund Balance January 1	612,857.78	590,328.25
	818,653.99	752,314.27
Decreased by:		
Utilization as Anticipated Revenue	190,878.78	139,456.49
Fund Balance December 31	\$ 627,775.21	612,857.78

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, 2016**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 190,878.78		190,878.78	-
Total Fund Balance Anticipated	<u>190,878.78</u>	<u>-</u>	<u>190,878.78</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	50,000.00		52,033.00	2,033.00
Fines and Costs:				
Municipal Court	1,500.00		287.08	(1,212.92)
Interest and Costs on Taxes	4,000.00		6,220.02	2,220.02
Interest Earned on Investments and Deposits	3,500.00		4,586.18	1,086.18
Beach Fees	150,000.00		195,041.00	45,041.00
Total Section A: Local Revenues	<u>209,000.00</u>	<u>-</u>	<u>258,167.28</u>	<u>49,167.28</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>-</u>	<u>26,176.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	4,500.00		4,648.10	148.10
Total Section C: Uniform Construction Code Fees	<u>4,500.00</u>	<u>-</u>	<u>4,648.10</u>	<u>148.10</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, 2016**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Atlantic County Municipal Joint Insurance			
Fund - Safety Incentive	1,650.00	-	-
NJDEP - Clean Communities Program	-	4,000.00	-
Recycling Tonnage Grant	448.09		-
Municipal Alcohol Education / Rehabilitation Program	-	60.43	-
NJDOT		129,000.00	-
	<u>2,098.09</u>	<u>133,060.43</u>	<u>-</u>
Total Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
	241,774.09	133,060.43	49,315.38
Total Miscellaneous Revenues:			
			49,315.38

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
Receipts from Delinquent Taxes	25,000.00		2,953.06
Amount to be Raised by Taxes for Support of Municipal Budget	1,330,000.00		
Local Tax for Municipal Purposes	1,330,000.00	-	44,787.74
Total Amount to be Raised by Taxes for Support of Municipal Budget	1,787,652.87	133,060.43	97,056.18
Budget Totals	1,787,652.87	133,060.43	135,895.45
Non-Budget Revenues:			
Other Non-Budget Revenues:			38,839.27
			2,056,608.75
			38,839.27
			135,895.45

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections		2,617,747.69
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		2,617,747.69
Allocated to:		
School, County and Other Taxes		<u>1,300,959.95</u>
Balance for Support of Municipal Budget Appropriations		1,316,787.74
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>58,000.00</u>
Amount for Support of Municipal Budget Appropriations		<u><u>1,374,787.74</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	27,953.06	
Tax Title Lien Collections	<u>-</u>	
Total Receipts from Delinquent Taxes		<u><u>27,953.06</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:		
Certified Copies/OPRA	121.14	
Zoning Fees	12,455.00	
American Recycling	3,444.75	
JIF Insurance Reimbursements	2,645.00	
Assessor Property Lists	80.00	
Marriage Licenses	294.00	
NJ Wire Discretionary Sand 4275-15	6,502.61	
Verizon Reimbursement	27.28	
Comcast Franchise Fees	6,123.39	
Assessor Searches	10.00	
Election Fees	1,800.00	
Facilities and Use Fee	150.00	
Miscellaneous	1,684.62	
PY Payroll Deductions	3,501.48	
Total Miscellaneous Revenue Not Anticipated:		<u><u>38,839.27</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, 2016**

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY					
Director's Office	\$				
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-
Other Expenses	1,000.00	1,000.00	234.98	765.02	-
Beach Fee Program					
Salaries and Wages	55,145.00	50,145.00	50,102.07	42.93	-
Other Expenses	5,400.00	8,400.00	3,135.59	5,264.41	-
Lifeguards					
Salaries and Wages	111,000.00	111,000.00	111,000.00	-	-
Other Expenses	11,995.00	11,995.00	11,191.38	698.62	-
Municipal Court					
Other Expenses	13,134.58	13,134.58	13,134.58	-	-
First Aid Organizations					
Other Expenses	19,000.00	19,000.00	17,949.64	1,050.36	-
Emergency Management Services					
Other Expenses	2,400.00	2,400.00	1,218.88	1,181.12	-
Animal Control					
Other Expenses	2,800.00	2,800.00	425.80	2,374.20	-
Cape May Point Environmental Commission					
Other Expenses	2,600.00	2,600.00	330.00	2,270.00	-
Other Expenses	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	10,000.00	-	-
Other Expenses	800.00	800.00	800.00	-	-
Administrative Consultant					
Other Expenses	30,000.00	30,000.00	29,498.10	501.90	-
Annual Audit					
Other Expenses	18,500.00	18,500.00	18,500.00	-	-
Municipal Clerk's Office					
Salaries and Wages	80,431.00	80,431.00	65,815.18	14,615.82	-
Other Expenses	8,000.00	8,000.00	7,865.50	134.50	-
Assessment Searches					
Salaries and Wages	1,700.00	1,700.00	1,700.00	-	-
Computer Operations					
Other Expenses	16,000.00	14,000.00	12,799.69	100.00	-

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, 2016**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Elections						
Salaries and Wages	2,400.00	2,400.00	2,400.00	-	-	-
Other Expenses	1,000.00	1,000.00	906.06	93.94	-	-
Financial Administration						
Salaries and Wages	34,500.00	34,500.00	34,500.00	-	-	-
Other Expenses	6,120.00	6,120.00	6,120.00	-	-	-
Registrar of Vital Statistics						
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	-	-
Assessment of Taxes						
Salaries and Wages	14,300.00	14,300.00	14,069.22	230.78	-	-
Other Expenses	500.00	500.00	500.00	-	-	-
Codification of Ordinances						
Other Expenses	4,000.00	4,000.00	2,100.00	1,900.00	-	-
Collection of Taxes						
Salaries and Wages	15,300.00	15,300.00	15,299.96	0.04	-	-
Other Expenses	750.00	750.00	652.18	97.82	-	-
Tax Searches						
Salaries and Wages	1,200.00	1,200.00	1,200.00	-	-	-
Legal Services and Costs						
Other Expenses	22,000.00	22,000.00	17,837.50	4,162.50	-	-
Rent of Fire Hall						
Other Expenses	3,600.00	3,600.00	-	3,600.00	-	-
Code Enforcement Official						
Salaries and Wages	8,500.00	8,500.00	8,456.68	43.32	-	-
Other Expenses	500.00	500.00	-	500.00	-	-
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	-	-
Other Expenses	15,000.00	17,000.00	12,046.85	3,500.00	1,453.15	-
Board of Adjustment						
Salaries and Wages	3,000.00	3,000.00	2,978.82	21.18	-	-
Other Expenses	4,500.00	4,500.00	3,957.27	542.73	-	-
Floodplain Administrator						
Salaries and Wages	2,000.00	2,000.00	-	2,000.00	-	-
Advertising and Printing						
Other Expenses	2,200.00	2,200.00	1,683.30	69.44	447.26	-

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, 2016**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
General Liability	12,650.00	12,650.00	12,650.00	-	-	-
Workers Compensation Insurance	17,000.00	17,000.00	17,000.00	-	-	-
Employee Group Health	29,470.20	29,470.20	6,801.80	22,668.40	-	-
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	10,000.00	10,000.00	10,000.00	-	-	-
Other Expenses	2,000.00	2,000.00	896.00	1,104.00	-	-
Engineering Services and Costs						
Other Expenses	10,000.00	10,000.00	7,158.45	2,841.55	-	-
Public Buildings and Grounds						
Other Expenses	50,000.00	56,500.00	51,836.54	819.47	3,843.99	-
Public Works Maintenance						
Salaries and Wages	73,700.00	73,700.00	73,700.00	-	-	-
Other Expenses	15,000.00	11,500.00	11,288.22	-	211.78	-
Road Repairs and Maintenance						
Other Expenses	5,000.00	5,000.00	1,926.24	1,847.31	1,226.45	-
Beach Restoration and Maintenance						
Other Expenses	11,000.00	11,000.00	11,000.00	-	-	-
Garbage and Trash Removal						
Other Expenses	46,000.00	46,000.00	44,092.80	1,907.20	-	-
Recycling						
Other Expenses	21,600.00	21,600.00	20,426.57	1,173.43	-	-
Parks and Public Property						
Other Expenses	12,900.00	9,900.00	9,829.07	70.93	-	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	13,500.00	13,500.00	13,500.00	-	-	-
Other Expenses	500.00	500.00	75.00	425.00	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	16,000.00	16,000.00	13,770.15	-	2,229.85	-
Telephone	6,000.00	8,000.00	5,865.45	1,428.14	706.41	-
Street Lighting	17,000.00	17,000.00	16,210.61		789.39	-
TOTAL OPERATIONS WITHIN "CAPS"	925,095.78	925,095.78	832,436.13	8,003.86	84,655.79	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	925,095.78	925,095.78	832,436.13	8,003.86	84,655.79	-
Detail:						
Salaries and Wages	453,176.00	448,176.00	430,721.93	-	17,454.07	-
Other Expenses	471,919.78	476,919.78	401,714.20	8,003.86	67,201.72	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriations	-	-	-	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	24,181.00	24,181.00	24,181.00		-	-
Social Security System (O.A.S.I.)	35,300.00	35,300.00	35,300.00		-	-
Unemployment Compensation Insurance	25,000.00	25,000.00			25,000.00	-
Defined Contribution Retirement Program	1,040.00	1,040.00	928.80		111.20	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	85,521.00	85,521.00	60,409.80	-	25,111.20	-

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, 2016**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,010,616.78		1,010,616.78	892,845.93	8,003.86	109,766.99	-
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"			286.00			286.00	-
Employee Group Health							
NJPDES/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	282,427.00		282,427.00	282,427.00			
	<u>283,313.00</u>		<u>283,313.00</u>	<u>283,027.00</u>	<u>-</u>	<u>286.00</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues							
Atlantic County Joint Insurance Fund - Safety Incentive	1,650.00		1,650.00	1,650.00			
Recycling Tonnage Grant	448.09		448.09	448.09			
Municipal Alcohol Education/Rehabilitation Program	60.43		60.43	60.43			
NJDEP Clean Communities Program	4,000.00		4,000.00	4,000.00			
NJDEP - Recycling Tonnage Grant	-		-	-			
NJDOT	129,000.00		129,000.00	129,000.00			
FEMA - Emergency Generator	-		-	-			
	<u>135,158.52</u>		<u>135,158.52</u>	<u>135,158.52</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues	418,471.52		418,471.52	418,185.52		286.00	
Total Operations - Excluded from "CAPS"							
Detail:							
Salaries and Wages							
Other Expenses	418,471.52		418,471.52	418,185.52		286.00	

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, 2016**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	190,000.00	190,000.00	190,000.00	-	-	-
Purchase & Construction of Fencing and Decking	3,000.00	3,000.00	1,699.54	1,300.46	-	-
Beach Patrol Vehicle	34,000.00	34,000.00	26,521.42	7,478.58	-	-
Equipment - Records Management	11,000.00	11,000.00	-	11,000.00	-	-
Equipment - Money Counter	1,000.00	1,000.00	-	1,000.00	-	-
Beach Signage	5,000.00	5,000.00	2,300.00	2,700.00	-	-
Total Capital Improvements	244,000.00	244,000.00	220,520.96	-	23,479.04	-
(D) Debt Service						
Payment of Bond Principal	11,000.00	11,000.00	10,500.00	-	500.00	-
Payment of Bond Anticipation Notes and Capital Notes	153,450.00	153,450.00	153,450.00	-	-	-
Interest on Bonds	5,000.00	5,000.00	4,685.92	-	314.08	-
Interest on Notes	1,175.00	1,175.00	1,175.00	-	-	-
Total Debt Service	170,625.00	170,625.00	169,810.92	-	814.08	-
(E) Deferred Charges						
Special Emergency Authorizations	11,000.00	11,000.00	11,000.00	-	-	-
Special Emergency Authorizations - 5 years	3,000.00	3,000.00	3,000.00	-	-	-
Deferred Charges to Future Taxation Unfunded Ordinance 594-11	5,000.00	5,000.00	5,000.00	-	-	-
Total Deferred Charges	19,000.00	19,000.00	19,000.00	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	852,096.52	852,096.52	827,517.40	-	814.08
SUBTOTAL GENERAL APPROPRIATIONS	1,862,713.30	1,862,713.30	1,720,363.33	8,003.86	814.08
(M) Reserve for Uncollected Taxes	58,000.00	58,000.00	58,000.00	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 1,920,713.30	1,920,713.30	1,778,363.33	8,003.86	814.08
Budget		1,787,652.87			
Appropriations by 40A:4-87		133,060.43			
Emergency Appropriations		-			
		<u>1,920,713.30</u>			
Reserve for Uncollected Taxes			58,000.00		
Federal and State Grants			135,158.52		
Deferred Charges			14,000.00		
Disbursements			1,571,204.81		
			<u>1,778,363.33</u>		

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EXHIBIT - B
TRUST FUND

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

	2016	2015
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash	\$ 1,057.81	\$ 871.37
	1,057.81	871.37
<u>Other Funds</u>		
Cash	290,159.27	258,085.47
	290,159.27	258,085.47
	\$ 291,217.08	\$ 258,956.84
 <u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 408.25	\$ 850.85
Due to State Dog License Fees	-	-
Due to Current Fund	649.56	20.52
	1,057.81	871.37
<u>Other Funds</u>		
Due to Current Fund	20.34	3,812.42
Reserve for Escrow Deposits	15,262.20	8,660.12
Reserve for Unemployment Compensation	30,079.65	36,701.63
Reserve for Housing Expenditures - COAH	227,573.17	194,575.74
Reserve for Environmental Commission	3,831.19	3,681.19
Reserve for Lifeguard Trust	13,390.72	10,654.37
Reserve for P.O.A.A.	2.00	-
	290,159.27	258,085.47
	\$ 291,217.08	\$ 258,956.84

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>2016</u>	<u>2015</u>
Cash	\$ 526,225.37	413,416.72
Deferred Charges to Future Taxation -		
Funded	179,900.00	203,529.25
Unfunded	426,800.00	153,450.00
Interfunds and Receivables		
Federal and State Grant Receivable	106,508.00	106,508.00
	<u>1,239,433.37</u>	<u>876,903.97</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Encumbrances	1,674.45	27,977.00
Bond Anticipation Notes Payable	-	153,450.00
Refunding Bonds Payable	179,900.00	-
U.S.D.A. Rural Development Loans Payable	-	203,529.25
Improvement Authorizations:		
Funded	206,362.29	22,019.41
Unfunded	426,800.00	97,031.68
Due to Current Fund	-	5,000.00
Reserve to Pay Bonds and Notes	-	-
Capital Improvement Fund	411,622.98	324,822.98
Fund Balance	13,073.65	43,073.65
	<u>\$ 1,239,433.37</u>	<u>876,903.97</u>

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

2015	\$	-
2016	\$	426,800.00

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,**

	2016	2015
Beginning Balance January 1	\$ 43,073.65	1,736.33
Increased by:		
Funded Improvement Authorizations Cancelled	-	41,337.32
Decreased by:		
To Fund Capital Ordinance	(30,000.00)	
Ending Balance December 31	\$ 13,073.65	43,073.65

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,**

	2016	2015
<u>Assets</u>		
Operating Fund:		
Cash	\$ 276,935.93	\$ 154,087.56
Due from Current Fund	1,189.28	-
Due from Water & Sewer Capital Fund	4,136.32	92,370.30
	282,261.53	246,457.86
Receivables With Full Reserves		
Consumer Accounts Receivable	18,887.73	53,311.21
	18,887.73	53,311.21
Total Operating Fund	301,149.26	299,769.07
Capital Fund:		
Cash	-	-
Fixed Capital:		
Completed	4,793,662.27	4,793,662.27
Authorized and Uncompleted	763,542.30	763,542.30
Total Capital Fund	5,557,204.57	5,557,204.57
	\$ 5,858,353.83	\$ 5,856,973.64

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,**

	2016	2015
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 42,822.04	\$ 8,584.44
Prepaid Rents	8,089.24	91,971.85
Overpaid Rents	4,499.45	217.61
Reserve for Encumbrances	-	374.51
Due to Current Fund	-	4,197.50
Accrued Interest on Bonds and Notes	4,111.96	16,642.34
	59,522.69	121,988.25
Reserve for Receivables	18,887.73	53,311.21
Fund Balance	222,738.84	124,469.61
Total Operating Fund	301,149.26	299,769.07
Capital Fund:		
USDA Loans Payable	-	1,162,316.71
Refunding Bonds Payable	1,105,100.00	-
Bond Anticipation Notes Payable	200,000.00	9,000.00
Improvement Authorizations		
Funded	-	-
Unfunded	46,840.75	79,009.70
Encumbrances Payable	13,476.35	99,017.85
Reserve for Amortization	4,058,104.57	3,991,887.86
Deferred Reserve for Amortization	89,000.00	89,000.00
Due To Water & Sewer Operating Fund	4,136.32	92,370.30
Reserve for Issuance Costs	5,944.43	-
Capital Improvement Fund	5,250.00	5,250.00
Fund Balance	29,352.15	29,352.15
Total Capital Fund	5,557,204.57	5,557,204.57
	\$ 5,858,353.83	\$ 5,856,973.64

There were Bonds and Notes Authorized But Not Issued at December 31, 2016 and 2015 in the amounts of \$105,000.00 and \$305,000.00, 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 2016</u>	<u>Year 2015</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 28,215.00	\$ 43,300.00
Water and Sewer Rents	754,916.57	661,284.26
Miscellaneous:		
Interest on Investments	1,400.14	1,055.55
Current fund - Share of Purchase of Backhoe	5,000.00	5,000.00
Unanticipated Revenue	1,344.05	5,246.28
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	5,353.76	14,748.56
 Total Income	 <u>796,229.52</u>	 <u>730,634.65</u>
 Expenditures:		
Operations:		
Salaries and Wages	65,000.00	49,000.00
Other Expenses	482,265.00	459,150.00
Capital Improvements	5,000.00	5,000.00
Debt Service	112,480.29	135,128.35
Deferred Charges and Statutory Expenditures	5,000.00	5,500.00
 Total Expenditures	 <u>669,745.29</u>	 <u>653,778.35</u>
Excess in Revenue	126,484.23	76,856.30
 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>
 Fund Balance January 1	 126,484.23 <u>124,469.61</u>	 76,856.30 <u>90,913.31</u>
	250,953.84	167,769.61
Decreased By:		
Utilization as Anticipated Revenue	28,215.00	43,300.00
Balance December 31	<u>\$ 222,738.84</u>	<u>\$ 124,469.61</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,**

	2016	2015
Balance January 1	\$ 29,352.15	\$ 28,894.45
Increased By:		
Funded Improvement Authorizations Canceled		457.70
Decreased By:		
No Activity in 2015		
Balance December 31	\$ 29,352.15	\$ 29,352.15

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	\$ 28,215.00	\$ 28,215.00	\$ -
Anticipated Revenue:			
Water Rents	340,000.00	418,628.53	78,628.53
Sewer Rents	300,000.00	336,288.04	36,288.04
Interest Earned on Deposits	750.00	1,400.14	650.14
Purchase of Backhoe - Current Fund Share	5,000.00	5,000.00	-
Unanticipated Revenue		1,344.05	1,344.05
	<u>645,750.00</u>	<u>762,660.76</u>	<u>116,910.76</u>
Total Revenue	<u>\$ 673,965.00</u>	<u>\$ 790,875.76</u>	<u>\$ 116,910.76</u>

Analysis of Realized Revenue:

Water Rents			
Accounts Receivable	\$ 418,628.53		
Total Water Rents		<u>\$ 418,628.53</u>	
Sewer Rents			
Accounts Receivable	\$ 336,288.04		
Total Sewer Rents		<u>\$ 336,288.04</u>	
Unanticipated Revenue			
Miscellaneous	\$ 1,344.05		
		<u>\$ 1,344.05</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	\$ 65,000.00	\$ 65,000.00	\$ 62,675.30	\$ 2,324.70	\$ -
Other Expenses	482,265.00	482,265.00	447,000.88	35,264.12	-
	547,265.00	547,265.00	509,676.18	37,588.82	-
Capital Improvements:					
Capital Outlay	5,000.00	5,000.00	-	5,000.00	-
	5,000.00	5,000.00	-	5,000.00	-
Debt Service:					
Payment of Bond Principal	68,500.00	68,500.00	64,500.00	-	4,000.00
Payment of Bond Anticipation Notes	9,000.00	9,000.00	9,000.00	-	-
Interest on Bonds	35,500.00	35,500.00	35,500.00	-	-
Interest on Notes	3,700.00	3,700.00	3,480.29	-	219.71
	116,700.00	116,700.00	112,480.29	-	4,219.71
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	5,000.00	5,000.00	4,766.78	233.22	-
	5,000.00	5,000.00	4,766.78	233.22	-
	<u>673,965.00</u>	<u>673,965.00</u>	<u>626,923.25</u>	<u>42,822.04</u>	<u>4,219.71</u>

Accrued Interest on Bonds and Notes \$ 38,980.29
Cash Disbursed 587,942.96

\$ 626,923.25

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>2016</u>	<u>2015</u>
<u>Assets</u>		
Buildings and Improvements	\$ 1,051,497.90	\$ 1,051,497.90
Machinery and Equipment	1,143,550.83	1,111,763.83
	<u>2,195,048.73</u>	<u>2,163,261.73</u>
Total General Fixed Assets	\$ <u>2,195,048.73</u>	\$ <u>2,163,261.73</u>
 <u>Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>2,195,048.73</u>	\$ <u>2,163,261.73</u>

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

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016 AND 2015
(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, 2016 AND 2015
(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 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the Borough's financial reporting.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement will be additional disclosures.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$58,000 and \$58,000. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$190,879 of \$627,775 available fund balance and \$139,456 of \$612,858 available fund balance.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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 2016 and 2015 calendar years.

	<u>2016</u>	<u>2015</u>
Utilities - Telephone OE	\$ 2,000	\$
Police - OE	-	(3,000)
Parks & Playgrounds	(3,000)	
Beach Tag Inspector - OE	3,000	
Lifeguards - S&W	-	3,000
Lifeguards - OE	-	-
Public Works OE	(3,500)	-
Beach Tag Inspector - S&W	(5,000)	
Water/Sewer - S&W	-	(20,000)
Water/Sewer - OE	-	20,000
Public Works - S&W	-	5,000
Public Building & Grounds - OE	6,500	
Garbage and Trash Removal - OE	-	(5,000)

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 2016 and 2015, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Recycling Tonnage Grant	\$ -	\$ 1,445
Clean Communities Program	4,000	4,000
Municipal Alcohol Education / Rehabilitation Program	60	4,000
FEMA - Gas Generator	-	75,000
ACMJIF - Safety Incentive	-	750
NJDOT	129,000	

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, 2016 was \$0. The entity approved an emergency appropriation in 2015 for \$11,000. The emergency was for Employee Group Health Insurance. The unfunded balance as of December 31, 2016 was \$0.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 3: INVESTMENTS

As of December 31, 2016 and 2015, 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 funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015, \$6,486 and \$11,484 of the municipality's bank balance of \$2,068,974 and \$1,667,641 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

	Balance 12/31/2015	Additions	Retirements/ Adjustments	Balance 12/31/2016
Buildings and Improvements	\$ 1,051,498			\$ 1,051,498
Equipment and Machinery	\$ 1,111,764	\$ 61,677	\$ (29,880)	\$ 1,143,561
	<u>\$ 2,163,262</u>	<u>\$ 61,677</u>	<u>\$ (29,880)</u>	<u>\$ 2,195,059</u>

	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Buildings and Improvements	\$ 1,050,000		\$ 1,498	\$ 1,051,498
Equipment and Machinery	\$ 984,355	\$ 166,799	\$ (39,390)	\$ 1,111,764
	<u>\$ 2,034,355</u>	<u>\$ 166,799</u>	<u>\$ (37,892)</u>	<u>\$ 2,163,262</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6: LONG-TERM DEBT

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Other liabilities:					
Loans Payable					
General	\$ 216,831		\$ 13,302	\$ 203,529	\$ 13,907
Utility	\$ 1,229,411		\$ 67,094	\$ 1,162,317	\$ 50,322
Total long-term liabilities	<u>\$ 1,446,242</u>	<u>\$ -</u>	<u>\$ 80,396</u>	<u>\$ 1,365,846</u>	<u>\$ 64,228</u>

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within One Year
Other liabilities:					
Loans Payable:					
General	203,529	190,400	214,029	179,900	11,200
Utility	1,162,317	1,169,600	1,226,817	1,105,100	68,800
Total long-term liabilities	<u>1,365,846</u>	<u>1,360,000</u>	<u>1,440,846</u>	<u>1,285,000</u>	<u>80,000</u>

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. There is no balance remaining as of December 31, 2016.

\$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. There is no balance remaining as of December 31, 2016.

\$190,400 Refunding Bonds dated February 25, 2016, due in annual installments through December 15, 2038, bearing interest at rates varying from 2% to 4%. The balance remaining as of December 31, 2016, is \$179,900.

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. There is no balance remaining as of December 31, 2016.

\$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. There is no balance remaining as of December 31, 2016.

\$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. There is no balance remaining as of December 31, 2016.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

\$1,169,600 Water and Sewer Utility Refunding Bonds dated February 25, 2016, due in annual installments through December 15, 2038, bearing interest at rates varying from 2% to 4%. The balance remaining as of December 31, 2016, is \$1,105,100.

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
2017	11,200.00	5,607.00	68,800.00	34,443.00
2018	11,200.00	5,383.00	68,800.00	33,067.00
2019	11,900.00	5,159.00	73,100.00	31,691.00
2020	11,900.00	4,921.00	73,100.00	30,229.00
2021	11,900.00	4,564.00	73,100.00	28,036.00
2022-2026	66,500.00	17,171.00	408,500.00	105,479.00
2027-2031	39,200.00	6,860.00	240,800.00	42,140.00
2032-2036	13,300.00	1,904.00	81,700.00	11,696.00
2037-2038	2,800.00	168.00	17,200.00	1,032.00
	\$ 179,900.00	\$ 51,737.00	\$ 1,105,100.00	\$ 317,813.00

Summary of Municipal Debt

	Year 2016	Year 2015	Year 2014
Issued:			
General:			
Bonds and Notes	\$ 179,900.00	\$ 153,450.00	\$ 551,400.00
Loans	-	203,529.25	216,831.05
Water/Sewer Utility:			
Bonds and Notes	1,305,100.00	9,000.00	19,000.00
Loans	-	1,162,316.71	1,229,410.71
Total Issued	<u>1,485,000.00</u>	<u>1,528,295.96</u>	<u>2,016,641.76</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	-	-	-
Water and Sewer Utility	-	-	-
Net Debt Issued	<u>1,485,000.00</u>	<u>1,528,295.96</u>	<u>2,016,641.76</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	426,800.00	-	133.93
Water/Sewer Utility:			
Bonds and Notes	105,000.00	305,000.00	50,000.00
Total Authorized But Not Issued	<u>531,800.00</u>	<u>305,000.00</u>	<u>50,133.93</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,016,800.00</u>	<u>\$ 1,833,295.96</u>	<u>\$ 2,066,775.69</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(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 .134%

	Gross Debt	Deductions	Net Debt
Water & Sewer Utility Debt	\$ 1,410,100.00	\$ 1,410,100.00	\$ -
General Debt	606,700.00	-	606,700.00
	\$ 2,016,800.00	\$ 1,410,100.00	\$ 606,700.00

Net debt \$606,700.00 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$453,972,145.67 = .134%.

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

3-1/2% of Equalized Valuation Basis	\$	15,889,025.10	
Net Debt		606,700.00	
	\$	15,282,325.10	

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	2016	\$ 627,775.21	\$ 176,454.00	28.11%
	2015	\$ 612,857.78	\$ 190,878.78	31.15%
	2014	590,328.25	139,456.49	23.62%
	2013	507,201.12	105,000.00	20.70%
	2012	485,902.91	105,000.00	21.61%
Water & Sewer Utility	2016	222,738.84	59,168.00	26.56%
	2015	124,469.61	28,215.00	22.67%
	2014	90,913.31	43,300.00	47.63%
	2013	88,068.36	72,700.00	82.55%
	2012	104,142.94	60,260.00	57.86%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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:

	12/31/2016	12/31/2015
Balance of Tax	\$ 37,749	\$ 12,749
Tax Payable	\$ 37,749	\$ 12,749

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, 2016	Balance December 31, 2015
Prepaid Taxes - Cash Liability	\$ 98,013.80	\$ 97,591.05

NOTE 10: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established 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, 2016 AND 2015
(CONTINUED)

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.06% through June 30, 2016 and 7.20% 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 19.30% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$24,181 \$17,436 and \$29,016.

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, 2016 AND 2015
(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: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of \$835,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.00282039650%, which would be an increase of .28% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$51,987. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 15,534	
Changes of assumptions	173,034	
Changes in proportion	88,600	(177,215)
Net difference between projected and actual earnings on pension plan investments	31,852	
Total	\$ 309,020	(177,215)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

Year ended June 30,	
2017	29,828
2018	29,828
2019	34,100
2020	28,536
2021	9,513
Total	<u><u>\$ 131,805</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 1,001,052	835,321	\$ 698,643

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Pension plan fiduciary net position.

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

NOTE 12: 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 13: 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, 2016 and 2015 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	Borough Contributions	Amount Reimbursed	Ending Balance
2016	\$ 2,750.00	\$ 9,371.98	\$ 30,079.65
2015	-	2,566.48	36,701.63
2014	17,000.00	2,244.19	39,268.11

NOTE 14: 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, 2016 AND 2015
(CONTINUED)

NOTE 15: INTERFUND BALANCES

As of December 31, 2016, 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	\$ 649.56	
Trust Fund - Other	20.34	
Water & Sewer Operating Fund		1,189.28
Trust Fund:		
Current - Animal Control Fund		649.56
Current Fund - Trust Other		20.34
Utility Operating Fund:		
Current Fund	1,189.28	
Utility Capital	4,136.32	
Utility Capital		
Utility Operating		4,136.32
	\$ 5,995.50	\$ 5,995.50

The amount due to the Current Fund from the Animal Control Fund is due to interest not transferred by year end. The remaining interfunds are amounts that should have been transferred to the proper bank accounts.

NOTE 16: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 14, 2017, 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, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated April 14, 2017, 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

Michael S. Garcia

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

April 14, 2017

AUDIT FINDINGS AND RESPONSES

NONE

STATUS OF PRIOR YEAR FINDINGS

There were no Audit Findings in 2015

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2015	\$ 802,777.44	22,223.07
Increased by Receipts:		
Taxes Receivable	2,543,109.70	
Prepaid Taxes	98,013.80	
Revenue Accounts Receivable	327,830.65	
Due from State - Senior and Veterans Deductions	5,000.00	
Due from State - Marriage Licenses	150.00	
Due from Trust Fund - Other	3,792.08	
Due from General Capital Fund	5,000.00	
Due from Water Sewer Operating Fund	4,197.50	
Federal and State Unallocated		4,060.43
Federal and State Receivables	-	2,098.09
	<u>2,987,093.73</u>	<u>6,158.52</u>
	3,789,871.17	28,381.59
Decreased by Disbursements:		
Current Year Appropriation	1,571,204.81	
Prior Year Appropriations	23,302.57	
County Taxes	1,147,454.33	
Local District School Taxes	128,118.00	
Reserve for Revaluation	1,200.00	
Payroll Taxes Payable	567.34	
Change Fund	100.00	
Due to State - Marriage Licenses	150.00	
Federal and State Disbursements	-	2,884.82
	<u>2,872,097.05</u>	<u>2,884.82</u>
Balance December 31, 2016	\$ <u><u>917,774.12</u></u>	<u><u>25,496.77</u></u>

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2016
				2015	2016				
Arrears \$	-								
2015	22,517.31			27,953.06	(5,435.75)				-
	22,517.31			27,953.06	(5,435.75)				-
2016	-	2,581,648.13	57,392.17	97,591.05	2,520,156.64	1,067.07			20,225.54
	22,517.31	2,581,648.13	57,392.17	97,591.05	2,548,109.70	(4,368.68)			20,225.54

Cash Receipts
Senior Citizens and Veterans
Overpayments Applied
2,548,109.70

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax 2,581,648.13
Added Taxes (54.4-63.1 et. Seq.) 57,392.17
2,639,040.30

Tax Levy:

General County Taxes 971,013.84
County Library Taxes 129,611.90
County Open Space Taxes 44,643.51
County Added and Omitted Taxes 2,572.70
Total County Taxes 1,147,841.95

Local School District Tax 153,118.00
Additional Local School District Tax

Local Tax for Municipal Purposes 1,330,000.00
Add: Additional Tax Levied 8,080.35
1,338,080.35

2,639,040.30

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2016	Collected by		Balance Dec. 31, 2016
			Collector	Treasurer	
Licenses:					
Other	\$ -	\$ 52,033.00	\$ -	\$ 52,033.00	\$ -
Fines and Costs:					
Municipal Court	-	287.08	-	287.08	-
Interest and Costs on Taxes	-	6,220.02	-	6,220.02	-
Interest Earned on Investments	-	4,586.18	-	4,586.18	-
Energy Receipts Tax	-	26,176.00	-	26,176.00	-
Uniform Construction Code Fees	-	4,648.10	-	4,648.10	-
Beach Fees	-	195,041.00	-	195,041.00	-
Miscellaneous Revenue Not Anticipated	-	38,839.27	-	38,839.27	-
	<u>\$ -</u>	<u>\$ 327,830.65</u>	<u>\$ -</u>	<u>\$ 327,830.65</u>	<u>\$ -</u>

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
REVENUE AND FINANCE				
Director's Office				
Salaries and Wages	0.12	0.12	-	0.12
Other Expenses	575.34	575.34	-	575.34
Administrative Consultant				
Other Expenses	4,530.00	4,530.00	2,100.00	2,430.00
Municipal Clerk's Office				
Other Expenses	378.99	378.99	333.99	45.00
Assessment of Taxes				
Salaries and Wages	170.24	170.24	-	170.24
Other Expenses	116.00	116.00	-	116.00
Codification of Ordinances	1,863.80	1,863.80	-	1,863.80
Collection of Taxes				
Salaries and Wages	18.41	18.41		18.41
Other Expenses	5.39	5.39		5.39
Legal Services & Costs				
Other Expenses	1,669.53	1,669.53	1,581.42	88.11
Rent of Fire Hall				
Other Expenses	3,600.00	3,600.00	-	3,600.00
Code Enforcement Official				
Other Expenses	337.71	337.71	-	337.71
Planning Board				
Salaries and Wages	9.23	9.23	-	9.23
Other Expenses	1,923.46	1,923.46	1,923.46	-
Board of Adjustment				

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Other Expenses	360.70	360.70	360.70	-
Advertising & Printing				
Other Expenses	982.65	982.65	143.91	838.74
Insurance				
Workers Compensation Insurance	72.00	72.00		72.00
Employee Group Health	7,406.93	7,406.93	1,596.42	5,810.51
Health Benefit Waiver				
Salaries and Wages	500.00	500.00		500.00
Computer Operations				
Other Expenses	9,749.29	9,749.29	4,200.93	5,548.36
Financial Administration				
Other Expenses	2,707.13	2,707.13	2,045.35	661.78
Elections				
Other Expenses	175.00	175.00	74.54	100.46
PUBLIC AFFAIRS AND PUBLIC SAFETY				
Director's Office				
Salaries and Wages	0.01	0.01	-	0.01
Other Expenses	155.33	155.33	-	155.33
Beach Fee Program				
Salaries and Wages	533.42	533.42		533.42
Other Expenses	125.65	125.65	-	125.65
Lifeguards				
Salaries and Wages	17.48	17.48	-	17.48
Other Expenses	86.77	86.77	-	86.77
First Aid Organization	6,435.00	6,435.00	674.27	5,760.73
Fire				
Other Expenses	425.35	425.35	-	425.35

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Emergency Management Services				
Other Expenses	1,980.00	1,980.00	958.92	1,021.08
Animal Control				
Other Expenses	1,314.80	1,314.80	-	1,314.80
Municipal Court				
Other Expenses	0.98	0.98	-	0.98
PUBLIC WORKS, PARKS AND PUBLIC PROPERTY				
Director's Office				
Salaries and Wages	0.01	0.01	-	0.01
Other Expenses	1,023.33	1,023.33	-	1,023.33
Engineering Services and Costs				
Other Expenses	784.57	784.57	745.00	39.57
Public Works Maintenance				
Salaries and Wages	228.02	228.02		228.02
Other Expenses	387.81	387.81	314.08	73.73
Beach Restoration and Maintenance				
Other Expenses	1,027.05	1,027.05	-	1,027.05
Garbage and Trash Removal				
Other Expenses	3,190.50	3,190.50	433.16	2,757.34
Recycling				
Other Expenses	1,772.00	1,772.00	1,748.00	24.00
Parks & Public Property				
Other Expenses	563.56	563.56	242.19	321.37
Public Buildings and Grounds				
Other Expenses	1,070.60	1,070.60	1,070.60	-
Construction Code Official				
Other Expenses	488.96	488.96	415.84	73.12
UTILITY EXPENSES AND BULK PURCHASES				

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Telephone	576.89	576.89	576.89	-
Street Lighting	1,839.10	1,839.10	1,762.90	76.20
STATUTORY EXPENDITURES				
Public Employees' Retirement System	-	-	-	-
Social Security System	-	-	-	-
Unemployment Compensation Insurance	15,000.00	15,000.00	-	15,000.00
DCRP	7.51	7.51	-	7.51
OPERATIONS EXCLUDED FROM CAPS				
Interlocal Services Agreement - Police	3,000.00	3,000.00	-	3,000.00
CAPITAL IMPROVEMENTS				
Purchase & Construction Fencing & Decking	1,402.33	1,402.33	-	1,402.33
	<u>\$ 80,588.95</u>	<u>80,588.95</u>	<u>23,302.57</u>	<u>57,286.38</u>
Reserve for Encumbrances	\$ 3,895.56			
Appropriation Reserves	<u>76,693.39</u>			
	\$ <u>80,588.95</u>			

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

Balance December 31, 2015			
School Tax Payable	\$	12,749.00	
School Tax Deferred		<u> -</u>	
			\$ 12,749.00
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017			<u>153,118.00</u>
			165,867.00
Decreased by:			
Payments			<u>128,118.00</u>
Balance December 31, 2016			
School Tax Payable		37,749.00	
School Tax Deferred		<u> -</u>	
			<u>\$ 37,749.00</u>
Current Year Liability for Local School District School Tax:			
Tax Paid	\$		128,118.00
Tax Payable Ending			<u>37,749.00</u>
			165,867.00
Less: Tax Payable Beginning			<u>12,749.00</u>
Amount charged to Current Year Operations			<u>\$ 153,118.00</u>

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

<u>Purpose</u>	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Adjustments	Balance Dec. 31, 2016
FEDERAL GRANTS:					
FEMA Grant - Gas Generator	\$ 75,000.00				75,000.00
Total Federal	<u>75,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000.00</u>
STATE GRANTS:					
Water Conservation Grant	570.00				570.00
NJ DOT - Ocean Avenue Reconstruction	-	129,000.00			129,000.00
Joint Insurance Fund - Safety Incentive	-	1,650.00	1,650.00		-
Recycling Tonnage Grant	-	448.09	448.09		-
Total State	<u>570.00</u>	<u>131,098.09</u>	<u>2,098.09</u>	<u>-</u>	<u>129,570.00</u>
	<u>\$ 75,570.00</u>	<u>131,098.09</u>	<u>2,098.09</u>	<u>-</u>	<u>204,570.00</u>

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

	Balance December 31, 2015	2016	Encumbrances	Appropriations	Disbursed	Encumbrances	Canceled	Balance
	Appropriated	Reserve for						Dec. 31, 2016
		Encumbrances						
FEDERAL GRANTS:								
NONE								
	\$							
Total Federal	-	-	-	-	-	-	-	-
STATE GRANTS:								
Recycling Tonnage Grant	86.02			448.09				86.02 448.09
2015								
2016								
Municipal Court Alcohol Education Program	6.51							6.51
2005								
2010								
2014								
2015								
2016				60.43				59.08 60.43
Clean Communities Program	3,313.06				478.32			2,834.74
2013								
2015								
2016				4,000.00				5,107.96 4,000.00
Municipal Stormwater Regulation	2,305.57							2,305.57
2005								
Joint Insurance Fund - Safety Incentive	37.69				37.69			-
2011								
2014					750.00			-
2016					1,418.81			231.19
NJ DOT - Ocean Avenue Reconstruction - 2016				1,650.00				129,000.00
Cape May County MUA - Recycling				129,000.00				
2014								
2013								
2012					200.00			1,284.67 794.50 5,134.00
Comcast Technology Grant	3,610.97							3,610.97
2011								
FEMA Grant - Gas Generator at Borough Hall	75,000.00							75,000.00
Total State	97,793.07	-	-	135,158.52	2,884.82	-	-	230,066.77
	97,793.07	-	-	135,158.52	2,884.82	-	-	230,066.77

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
FEDERAL GRANTS:					
NONE	\$ -				-
Total Federal	-	-	-	-	-
STATE GRANTS:					
Municipal Alcohol Education / Rehabilitation Program		60.43	60.43		-
Clean Communities		4,000.00	4,000.00		-
Total State	-	4,060.43	4,060.43	-	-
	\$ -	4,060.43	4,060.43	-	-

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2015		\$	871.37
Increased By Receipts:			
Dog Licenses Fees	\$	153.00	
Cat License Fees		29.00	
State License Fees		10.80	
Interest Earned on Deposits - Due Current Fund		4.44	
			197.24
			1,068.61
Decreased By Disbursements:			
Due to State of NJ		10.80	
			10.80
Balance December 31, 2016		\$	1,057.81

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2015		\$ 258,085.47
Increased By Receipts:		
Housing Fees - COAH	\$ 40,344.00	
Developers Escrow Fees	13,084.11	
Lifeguard Trust	11,972.00	
Environmental Commission	150.00	
Employee Withholdings - Unemployment	2,750.00	
Interest Earned on Deposits - Trust Funds	838.27	
Parking Offenses Adjudication Act	2.00	
Interest Earned on Deposits - Due Current Fund	278.23	
	<hr/>	69,418.61
		<hr/> 327,504.08
Decreased By Disbursements:		
Housing Fees - COAH	8,184.84	
Developers escrow Fees Returned	6,482.03	
Unemployment claims	9,371.98	
Lifeguard Trust	9,235.65	
Due to Current Fund - Trust Other	4,070.31	
	<hr/>	37,344.81
Balance December 31, 2016		\$ <u><u>290,159.27</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2015	\$	850.85
Increased By:		
Dog Licenses Fees Collected	\$	153.00
Cat License Fees Collected		29.00
		182.00
		1,032.85
Decreased By:		
Statutory Excess - Due to Current Fund		624.60
		624.60
Balance December 31, 2016	\$	408.25

License Fees Collected	<u>Year</u>	
	2014	150.40
	2015	257.85
	\$	408.25

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

Balance December 31, 2015	\$	(20.52)
Increased By:		
None	\$	-
	_____	-
		(20.52)
Decreased By:		
Statutory Excess - Due to Current Fund	624.60	
Interest Earned on Deposits	4.44	
	_____	629.04
Balance December 31, 2016	\$	(649.56)

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2015	\$	-
Increased By:		
Cash Receipts	\$	10.80
	_____	10.80
		10.80
Decreased By:		
Cash Disbursements	10.80	
	_____	10.80
Balance December 31, 2016	\$	-

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2015	Interest on Investments	Employee Withholdings	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2016
Unemployment Compensation	\$ 36,701.63		2,750.00		9,371.98	30,079.65
Lifeguard Trust	10,654.37			11,972.00	9,235.65	13,390.72
Parking Offenses Adjudication Act				2.00		2.00
Developers Escrow	8,660.12			13,084.11	6,482.03	15,262.20
Environmental Commission	3,681.19			150.00		3,831.19
COAH	194,575.74	838.27		40,344.00	8,184.84	227,573.17
	<u>\$ 254,273.05</u>	<u>838.27</u>	<u>2,750.00</u>	<u>65,552.11</u>	<u>33,274.50</u>	<u>290,138.93</u>

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

Balance December 31, 2015		\$	413,416.72
Increased by:			
Budget Appropriations:			
Capital Improvement Fund	190,000.00		
Deferred Charges to Future Taxation - Unfunded	-		
Due from Current Fund	-		
	<hr/>		<hr/>
			190,000.00
			603,416.72
Decreased by:			
Improvement Authorizations	72,191.35		
Anticipated as Current Fund Revenue:			
Reserve to Pay Bonds & Notes	-		
Miscellaneous	5,000.00		
	<hr/>		<hr/>
			77,191.35
Balance December 31, 2016		\$	<u>526,225.37</u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 43,073.65							13,073.65
Capital Improvement Fund	324,822.98							411,622.98
Reserve for Encumbrances	27,977.00	190,000.00						1,674.45
Reserve to Pay Bonds and Notes	-							-
Federal & State Grant Receivable	(106,508.00)							(106,508.00)
Due from Current Fund	5,000.00				5,000.00			-
Improvement Authorizations:								
584-10 Various Capital Improvements	9,178.37							9,178.37
a) Surveillance System	5,829.71							5,829.71
b) Purchase Beach Vehicle	120.00							120.00
c) Construction of new Public Works Building	9,468.80			3,308.45				6,160.35
d) Beach Renourishment								
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	35,752.99							35,752.99
a) Beach Renourishment Project	14,485.63							14,485.63
b) Resurface West Lake Drive	1,029.00							1,029.00
c) Purch. Portable WHF Radios								
04-15 Public Works Dump Truck	7,375.90			27,977.00				7,375.90
10-15 Gas Generator for Borough Hall	13,959.30			8,494.00				5,465.30
07-16 Lake Lily Improvements	-			19,530.15		1,674.45	103,200.00	81,995.40
11-16 Engineering - NJDOT Ocean Ave	-			12,881.75		30,000.00		17,118.25
	\$ 413,416.72	190,000.00	-	72,191.35	5,000.00	162,851.45	162,851.45	526,225.37

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

Balance December 31, 2015		\$	324,822.98
Increased by:			
2016 Budget Appropriation	190,000.00		
	<hr/>		<hr/>
			190,000.00
			514,822.98
Decreased by:			
Appropriated to Finance Improvement Authorizations	103,200.00		
	<hr/>		<hr/>
			103,200.00
Balance December 31, 2016		\$	<u><u>411,622.98</u></u>

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

Balance December 31, 2015		\$	203,529.25
Increased by:			
Refunding Bond Series 2016	179,900.00		
	<hr/>		<hr/>
			179,900.00
			383,429.25
Decreased by:			
Loans Payable Paid	203,529.25		
	<hr/>		<hr/>
			203,529.25
Balance December 31, 2016		\$	<u>179,900.00</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Authorizations		Paid or Charged / Cancelled	Balance December 31, 2016	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
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	\$	9,178.37	\$	\$	\$	9,178.37	\$
					5,829.71				5,829.71	
					120.00				120.00	
					9,468.80			3,308.45	6,160.35	
595-11	Various Capital Improvements a) Public Works Equipment b) Addition to Surveillance System	4/14/2011	45,000		11,967.18				11,967.18	
					9,200.00				9,884.21	
606-12	Various Capital Improvements a) Beach Renourishment Project b) Resurface West Lake Drive c) Purch. Portable WHF Radios	9/13/2012	368,000		35,752.99				35,752.99	
					14,485.63				14,485.63	
					1,029.00				1,029.00	
04-15	Public Works Dump Truck	4/9/2015	70,000		7,375.90				7,375.90	
10-15	Gas Generator for Borough Hall	2015	15,000		13,959.30			8,494.00	5,465.30	
07-16	Lily Lake Improvements	5/12/2016	530,000		103,200.00		426,800.00	21,204.60	81,995.40	426,800.00
11-16	Ocean Avenue DOT Engineering	9/8/2016	30,000		30,000.00			12,981.75	17,118.25	
				\$	22,019.41	\$	97,031.68	\$	45,888.80	\$
							426,800.00		206,362.29	
								44,214.35		
								1,674.45		
								45,888.80		

**GENERAL CAPITAL FUND
SCHEDULE OF REFUNDING BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
Refunding Bonds Series 2016	2/25/2016	190,400	12/15/2017	11,200.00	2.00%	-	190,400.00	10,500.00	179,900.00
			12/15/2018	11,200.00	2.00%				
			12/15/2019	11,900.00	2.00%				
			12/15/2020	11,900.00	2.00%				
			12/15/2021	11,900.00	3.00%				
			12/15/2022	12,600.00	3.00%				
			12/15/2023	12,600.00	3.00%				
			12/15/2024	13,300.00	3.00%				
			12/15/2025	14,000.00	3.00%				
			12/15/2026	14,000.00	3.00%				
			12/15/2027	12,600.00	3.00%				
			12/15/2028	11,900.00	4.00%				
			12/15/2029	7,700.00	4.00%				
			12/15/2030	3,500.00	4.00%				
			12/15/2031	3,500.00	4.00%				
			12/15/2032	3,500.00	4.00%				
			12/15/2033	3,500.00	4.00%				
			12/15/2034	3,500.00	4.00%				
		12/15/2035	1,400.00	4.00%					
		12/15/2036	1,400.00	4.00%					
		12/15/2037	1,400.00	4.00%					
		12/15/2038	1,400.00	4.00%					
					\$	-	190,400.00	10,500.00	179,900.00

**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, 2015	Refunded	Balance Dec. 31, 2016
			Date	Amount				
Municipal Building #1	6/6/1997	300,000	6/6/2017	5,744.40	4.500%	163,005.86	163,005.86	-
	12/6/2017	5,873.65						
	6/6/2018	6,005.80						
	12/6/2018	6,140.93						
	6/6/2019	6,279.10						
	12/6/2019	6,420.38						
	6/6/2020	6,564.84						
	12/6/2020	6,712.55						
	6/6/2021	6,863.58						
	12/6/2021	7,018.02						
	6/6/2022	7,175.92						
	12/6/2022	7,337.38						
	6/6/2023	7,502.47						
	12/6/2023	7,671.28						
6/6/2024	7,843.88							
12/6/2024	8,020.37							
6/6/2025	8,200.82							
12/6/2025	8,385.34							
6/6/2026	8,574.01							
12/6/2026	8,766.93							
6/6/2027	8,991.85							

**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, 2015	Refunded	Balance Dec. 31, 2016
			Date	Amount				
Municipal Building #2	6/6/1997	75,000	6/6/2017	2,291.00	4.500%	40,523.39	40,523.39	-
			12/6/2017	1,495.83				
			6/6/2018	1,529.40				
			12/6/2018	1,563.71				
			6/6/2019	1,598.80				
			12/6/2019	1,634.67				
			6/6/2020	1,671.35				
			12/6/2020	1,708.86				
			6/6/2021	1,747.20				
			12/6/2021	1,786.40				
			6/6/2022	1,826.49				
			12/6/2022	1,867.47				
			6/6/2023	1,909.37				
			12/6/2023	1,952.22				
			6/6/2024	1,996.02				
			12/6/2024	2,040.81				
			6/6/2025	2,086.60				
		12/6/2025	2,133.42					
		6/6/2026	2,181.29					
		12/6/2026	2,230.24					
		6/6/2027	477.79					
						\$ 203,529.25	203,529.25	-

**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, 2015	Dec. 31, 2016
Purchase of Fire Truck	529-07	6/26/2008	6/21/2012	6/20/2014	1.625%	-	-
Renovation of Borough Fire Station	535-07	6/26/2008	6/21/2012	6/20/2014	1.625%	-	-
Various Capital Improvements	584-10	6/23/2011	6/21/2012	6/20/2014	1.625%	20,300.00	20,300.00
a) Surveillance System						11,100.00	11,100.00
b) Purchase Beach Vehicle						17,100.00	17,100.00
c) Construct New Public Works Building						47,400.00	47,400.00
d) Beach Renourishment							
Various Capital Improvements	595-11	6/21/2012	6/21/2012	6/20/2014	1.625%	10,350.00	10,350.00
a) Public Works Equipment						2,950.00	2,950.00
b) Addition to Surveillance System							
Various Capital Improvements	606-12	6/20/2013	6/20/2013	6/20/2014	1.625%	28,150.00	28,150.00
a) Beach Renourishment Project						15,000.00	15,000.00
b) Resurface West Lake Drive						1,100.00	1,100.00
c) Purch. Portable WHF Radios							
						\$ 153,450.00	\$ 153,450.00
						-	-

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Other	Balance Dec. 31, 2016
466-03	Acquisition by Foreclosure or Purchase of Various Properties	\$ -			-	-
470-03	Supplemental Appropriation for the Restoration of Lake Lily	-	426,800.00			426,800.00
584-10	Various Capital Improvements b) Purchase Beach Vehicle	-			-	-
		<u>\$ -</u>	<u>426,800.00</u>	<u>-</u>	<u>-</u>	<u>426,800.00</u>

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

	Operating	Capital
	\$	\$
Balance December 31, 2015	154,087.56	-
Increased by Receipts:		
Water and Sewer Rent Collected	662,727.11	
Interest Earned on Deposits	1,400.14	
Purchase of Backhoe - Current Fund Share	5,000.00	
Due from Utility Capital	92,370.30	4,136.32
Cost of Issuance Escrow		60,561.37
Bond Anticipation Notes		200,000.00
Miscellaneous Revenue Not Anticipated	1,344.05	
Utility Rent Overpayments	4,499.45	
Utility Rent Prepayments	8,089.24	
	<u>775,430.29</u>	<u>264,697.69</u>
	929,517.85	264,697.69
Decreased by Disbursements:		
Current Appropriations	587,942.96	
Improvement Authorizations		18,692.60
Cost of Issuance on Refunding Encumbrances		54,616.94
Accrued Interest on Bonds and Notes	51,510.67	99,017.85
Appropriation Reserves	3,605.19	
Due from Utility Capital	4,136.32	
Due to Water & Sewer Operating		92,370.30
Due to Current Fund	5,386.78	
	<u>652,581.92</u>	<u>264,697.69</u>
Balance December 31, 2016	\$ <u><u>276,935.93</u></u>	\$ <u><u>-</u></u>

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

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
	Balance Dec. 31, 2015	Bond Antic. Notes	Misc.	Improvement Authorizations	Misc.	From	
Fund Balance	\$ 29,352.15	\$	\$	\$	\$	\$	\$ 29,352.15
Capital Improvement Fund	5,250.00						5,250.00
Encumbered	99,017.85			99,017.85			13,476.35
Due to Water and Sewer Operating Fund	92,370.30		4,136.32	92,370.30		13,476.35	4,136.32
Cost of Issuance Escrow			60,561.37	54,616.94			5,944.43
<u>Improvement Authorizations</u>							
Ord. Number							
16-2015 Installation of New Water Meters	(225,990.30)	200,000.00		18,692.60		13,476.35	(58,159.25)
	\$ -	\$ 200,000.00	\$ 64,697.69	\$ 18,692.60	\$ 246,005.09	\$ 13,476.35	\$ -

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

Balance December 31, 2015		\$	53,311.21
Increased By:			
2016 Rents Levied	\$	720,493.09	
			<u>720,493.09</u>
			773,804.30
Decreased By:			
Collections - Rents		662,727.11	
Overpayments Applied		217.61	
Prepayments Applied		<u>91,971.85</u>	
			<u>754,916.57</u>
Balance December 31, 2016		\$	<u><u>18,887.73</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2015**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Other Expenses	\$ 6,960.93	\$ 6,960.93	\$ 3,605.19	\$ 3,355.74	\$ -
Deferred Charges and Statutory Expenditures	1,998.02	1,998.02	-	1,998.02	-
Social Security System (O.A.S.I.)					
TOTALS	<u>\$ 8,958.95</u>	<u>\$ 8,958.95</u>	<u>\$ 3,605.19</u>	<u>\$ 5,353.76</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, 2015		\$	16,642.34
Increased By:			
Budget Appropriation:			
Interest on Bonds, Notes and Loans	\$		38,980.29
			38,980.29
			55,622.63
Decreased By:			
Interest Paid on Bonds and Loans			51,510.67
			51,510.67
Balance December 31, 2016		\$	4,111.96

Analysis of Accrued Interest December 31, 2016

Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Days	Amount
\$ 1,105,100.00	3.000%	12/16/2016	12/31/2016	15	\$ 1,717.96
200,000.00	1.330%	2/11/2016	12/31/2016	324	2,394.00
\$ 1,305,100.00					\$ 4,111.96

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

Ord. Number	Improvement Description	Ord. Date	Amount	2016 Authorizations		Paid or Charged	Balance December 31, 2016
				Funded	Unfunded		
16-2015	Installation of New Water Meters	9/16/2015	305,000.00	-	79,009.70	32,168.95	46,840.75
			\$	-	<u>79,009.70</u>	<u>32,168.95</u>	<u>46,840.75</u>
						\$ 18,692.60	
						13,476.35	
						<u>\$ 32,168.95</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 Outstanding			Balance Dec. 31, 2015	Refunded	Balance Dec. 31, 2016
			Date	December 31, 2016 Amount	Interest Rate			
Water and Sewer	3/23/1989	\$ 1,165,000				\$ 657,159.39	\$ 657,159.39	\$ -
						<u>\$ 657,159.39</u>	<u>\$ 657,159.39</u>	<u>\$ -</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 Outstanding		Interest Rate	Refunded	Balance Dec. 31, 2016
			Date	Amount			
Construction of Municipal Water Storage Tank	12/14/1994	\$ 320,500			4.50%	\$ 219,786.48	\$ -
						<u>\$ 219,786.48</u>	<u>\$ -</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 Outstanding		Interest Rate	Decreased	Balance Dec. 31, 2015	Balance Dec. 31, 2016
			Date	Amount				
Water and Sewer Rehabilitation Loan	7/2/1998	\$ 375,000			4.50%	\$ 285,370.84	\$ -	
						<u>\$ 285,370.84</u>	<u>\$ -</u>	

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF REFUNDING BONDS**

Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2016			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount	Interest Rate					
Refunding Bonds Series 2016	2/25/2016	\$ 1,169,600	12/15/2017	68,800.00	2.00%	\$ -	\$ 1,169,600.00	\$ 64,500.00	\$ 1,105,100.00	
			12/15/2018	68,800.00	2.00%					
			12/15/2019	73,100.00	2.00%					
			12/15/2020	73,100.00	2.00%					
			12/15/2021	73,100.00	3.00%					
			12/15/2022	77,400.00	3.00%					
			12/15/2023	77,400.00	3.00%					
			12/15/2024	81,700.00	3.00%					
			12/15/2025	86,000.00	3.00%					
			12/15/2026	86,000.00	3.00%					
			12/15/2027	77,400.00	3.00%					
			12/15/2028	73,100.00	4.00%					
			12/15/2029	47,300.00	4.00%					
			12/15/2030	21,500.00	4.00%					
			12/15/2031	21,500.00	4.00%					
			12/15/2032	21,500.00	4.00%					
			12/15/2033	21,500.00	4.00%					
			12/15/2034	21,500.00	4.00%					
			12/15/2035	8,600.00	4.00%					
			12/15/2036	8,600.00	4.00%					
			12/15/2037	8,600.00	4.00%					
			12/15/2038	8,600.00	4.00%					
						\$ -	\$ 1,169,600.00	\$ 64,500.00	\$ 1,105,100.00	

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
594-11	Purchase Backhoe	6/21/2012	6/21/2014	6/20/2015	1.500%	9,000.00		9,000.00	-
16-2015	Installation of New Water Meters	2/11/2016	2/11/2016	2/10/2017	1.330%		200,000.00		200,000.00
						\$ 9,000.00	\$ 200,000.00	\$ 9,000.00	\$ 200,000.00
<p align="center">Paid by Budget Appropriation</p> <p align="right">\$ 9,000.00</p> <p align="right">\$ 9,000.00</p>									

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

Ord. Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Funded by Budget Appropriation	Debt Issued	Balance Dec. 31, 2016
16-2015	Installation of New Water Meters	\$ 305,000.00	\$ -	\$ -	\$ 200,000.00	\$ 105,000.00
		<u>\$ 305,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000.00</u>	<u>\$ 105,000.00</u>

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BOROUGH OF CAPE MAY POINT

PART II

GENERAL COMMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2016

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 9, 2015, the bid threshold increased to \$40,000.

The governing body of the City of Cape May has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the City Commission's opinion should be sought before a commitment is made.

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

The minutes indicate that no new bid awards were awarded in 2016.

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, 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 held in 2016.

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>
2016	-
2015	-
2014	-

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 2016 and 2017 Taxes	10
Delinquent Taxes	5
Payment of Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>25</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.

BOROUGH OF CAPE MAY POINT

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None

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

Michael S. Garcia

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

April 14, 2017

