

**BOROUGH OF WEST CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2007**

BOROUGH OF WEST CAPE MAY
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
	<u>PART I</u>	
	Independent Auditor's Report	1 - 2
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Statutory Basis	3 - 4
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis	5 - 6
A - 2	Statement of Revenues - Statutory Basis	7 - 9
A - 3	Statement of Expenditures - Statutory Basis	10 - 15
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Statutory Basis	16 - 17
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Statutory Basis	18
C - 1	Statement of Fund Balance - Statutory Basis	19
	<u>WATER & SEWER UTILITY FUND</u>	
D	Comparative Balance Sheet - Statutory Basis	20 - 21
D - 1	Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis	22
D - 2	Statement of Capital Fund Balance - Statutory Basis	23
D - 3	Statement of Revenues - Statutory Basis	24
D - 4	Statement of Expenditures - Statutory Basis	25
	<u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>	
E	Comparative Balance Sheet - Statutory Basis	26
	NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS	27-41

BOROUGH OF WEST CAPE MAY
TABLE OF CONTENTS

Exhibit

Page No.

SUPPLEMENTAL SCHEDULES

CURRENT FUND

A - 4	Schedule of Cash - Treasurer	42
A - 5	Schedule of Current Cash - Collector	N/A
A - 6	Schedule of Cash - Clerk	N/A
A - 7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	43
A - 8	Schedule of Tax Title Liens	44
A - 9	Schedule of Revenue Accounts Receivable	45
A - 10	Schedule of Appropriation Reserves - Prior Year	46-49
A - 11	Schedule of Federal and State Grants Receivable	50
A - 12	Schedule of Reserves for Federal and State Grants - Unappropriated	51
A - 13	Schedule of Appropriated Reserves for Federal and State Grants	52-53

TRUST FUND

B - 1	Schedule of Animal Control Cash - Treasurer	54
B - 2	Schedule of Other Trust Cash - Treasurer	55
B - 3	Schedule of Reserve for Animal Control Expenditures	56
B - 4	Schedule of Amount Due to the State of New Jersey	56

GENERAL CAPITAL FUND

C - 2	Schedule of Cash - Treasurer	57
C - 3	Analysis of Cash	58
C - 4	Schedule of Capital Improvement Fund	59
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	59
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	60
C - 7	Schedule of Improvement Authorizations	61
C - 8	Schedule of General Serial Bonds	N/A
C - 9	Schedule of Bond Anticipation Notes	62
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	63

BOROUGH OF WEST CAPE MAY
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
<u>WATER & SEWER UTILITY FUND</u>		
D - 5	Schedule of Cash	64
D - 6	Analysis of Cash	65
D - 7	Schedule of Consumer Accounts Receivable	66
D - 8	Schedule of Utility Liens	66
D - 9	Schedule of Appropriation Reserves - Prior Year	67
D - 10	Schedule of Utility Capital Improvement Fund	68
D - 11	Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	69
D - 12	Schedule of Improvement Authorizations	70
D - 13	Schedule of Loans Payable	71-72
D - 13a	Schedule of USDA Bonds Payable	73-75
D - 14	Schedule of Bond Anticipation Notes	76
D - 15	Schedule of Bonds and Notes Authorized But Not Issued	77
<u>PART II</u>		
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Statutory Basis Performed in Accordance with Government Auditing Standards	78-79
	Schedule of Findings and Responses	80
	General Comments	81-82
	Findings and Recommendations	83

BOROUGH OF WEST CAPE MAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2007

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the Borough of West Cape May, State of New Jersey, as of December 31, 2007 and 2006 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2007, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the Borough of West Cape May, State of New Jersey's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with 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 and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the Borough of West Cape May, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Borough of West Cape May's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Borough of West Cape May, as of December 31, 2007 and 2006 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2007.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of West Cape May, as of December 31, 2007 and 2006 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2007 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 2008 on our consideration of the Borough of West Cape May's internal control structure over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 30, 2008

EXHIBIT - A
CURRENT FUND

BOROUGH OF WEST CAPE MAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 995,338.20	\$ 986,605.52
		<u>995,338.20</u>	<u>986,605.52</u>
Other Receivables:			
Due from State of New Jersey		<u>1,388.95</u>	<u>888.95</u>
		<u>1,388.95</u>	<u>888.95</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	165,327.47	148,641.03
Tax Title Liens Receivable	A-8	45,206.92	34,736.81
Property Acquired for Taxes at Assessed Valuation		230,782.00	230,782.00
Revenue Accounts Receivable	A-9	1,662.99	2,311.10
Interfunds:			
Due from TTL Trust Account		4,092.94	4,092.94
Due from Grant Fund		107,020.22	91,116.13
Due from Animal Control Fund		341.40	79.96
		<u>554,433.94</u>	<u>511,759.97</u>
Deferred Charges:			
Special Emergency Authorization:			
5 Years (40A:4-55)		39,760.00	57,640.00
Emergency Authorization		115,000.00	14,948.29
		<u>154,760.00</u>	<u>72,588.29</u>
		<u>1,705,921.09</u>	<u>1,571,842.73</u>
Federal and State Grant Fund:			
Grant Receivables	A-11	535,849.51	417,218.51
		<u>535,849.51</u>	<u>417,218.51</u>
		<u>\$ 2,241,770.60</u>	<u>\$ 1,989,061.24</u>

BOROUGH OF WEST CAPE MAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 131,547.65	\$ 126,788.21
Reserve for Encumbrances	A-3	15,055.94	12,686.84
Accounts Payable		7,880.48	6,723.74
Prepaid Taxes		45,627.69	54,521.67
Tax Overpayments		4,722.99	-
Payroll Taxes payable		657.08	573.30
Reserve for Homeland Security		25,000.00	25,000.00
Reserve for Tax Map		4.78	4.78
Reserve for Storm Sewer Emergency		8,176.00	8,176.00
Due to Escrow Trust		800.00	800.00
Due to POAA Trust		125.00	125.00
Due from Water & Sewer Utility Fund		249,538.99	244,547.99
Due to Unemployment Trust		534.73	534.73
		<u>489,671.33</u>	<u>480,482.26</u>
Reserve for Receivables and Other Assets		554,433.94	511,759.97
Fund Balance	A-1	<u>661,815.82</u>	<u>579,600.50</u>
		<u>1,705,921.09</u>	<u>1,571,842.73</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	23,383.05	20,570.14
Appropriated Reserves	A-13	294,850.14	280,253.66
Encumbrances Payable		108,772.00	23,454.48
Due to Current Fund		107,020.22	91,116.13
Amount Due to HUD		1,824.10	1,824.10
		<u>535,849.51</u>	<u>417,218.51</u>
		<u>\$ 2,241,770.60</u>	<u>\$ 1,989,061.24</u>

BOROUGH OF WEST CAPE MAY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	300,000.00	\$ 360,000.00
Miscellaneous Revenue Anticipated		476,040.85	260,009.23
Receipts from Delinquent Taxes		144,659.02	96,207.89
Receipts from Current Taxes		4,407,369.02	3,981,153.66
Non-Budget Revenue		75,885.89	72,993.21
Other Credits to Income:			
Cancellation of Grant Fund Reserve		-	-
Unexpended Balance of Appropriation Reserves		70,195.69	41,460.91
Interfunds Returned		-	102,899.83
Total Income		<u>5,474,150.47</u>	<u>4,914,724.73</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		327,630.00	333,285.00
Other Expenses		736,100.00	582,000.00
Deferred Charges & Statutory Expenditures		29,500.00	29,500.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		354,806.28	337,910.74
Other Expenses		341,801.54	160,710.24
Capital Improvements		7,000.00	8,000.00
Municipal Debt Service		130,287.49	117,034.40
Deferred Charges & Statutory Expenditures		32,828.29	17,380.00
County Taxes		886,358.07	830,594.18
County Added and Omitted Taxes		3,100.20	7,953.10
Local District School Tax		851,783.00	840,859.00
Regional High School Tax		1,489,836.19	1,275,159.72
Interfund Created		15,904.09	-
Total Expenditures		<u>5,206,935.15</u>	<u>4,540,386.38</u>

BOROUGH OF WEST CAPE MAY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
Excess In Revenue		\$ 267,215.32	\$ 374,338.35
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		115,000.00	39,948.29
Expenditures Included Above Which were Funded by Bond Ordinance		-	-
		<u>115,000.00</u>	<u>39,948.29</u>
Statutory Excess to Fund Balance		382,215.32	414,286.64
Fund Balance January 1	A	<u>579,600.50</u>	<u>525,313.86</u>
		961,815.82	939,600.50
Decreased by:			
Utilization as Anticipated Revenue		<u>300,000.00</u>	<u>360,000.00</u>
Fund Balance December 31	A	<u>\$ 661,815.82</u>	<u>\$ 579,600.50</u>

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Surplus Anticipated		\$ 300,000.00	\$	\$ 300,000.00	\$ -
		300,000.00		300,000.00	-
Miscellaneous Revenues:					
Licenses:					
Other		13,000.00		18,120.00	5,120.00
Fines and Costs:					
Municipal Court		20,000.00		39,937.14	19,937.14
Interest and Costs on Taxes		17,000.00		28,993.12	11,993.12
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		101,542.00		101,542.00	-
Legislative Initiative Municipal Block Grant		4,490.00		4,490.00	-
Consolidated Municipal Property Tax Relief Aid		16,759.00		16,759.00	-
Supplemental Receipts Tax		2,782.00		2,782.00	-
Municipal Homeland Security Assistance Aid-Reserved		25,000.00		25,000.00	-
Municipal Property Tax Assistance		2,431.00		2,431.00	-
Special Items:					
Public & Private Revenues Offset with Appropriations:					
Recycling Tonnage Grant		4,158.76		4,158.76	-
Alcohol Education and Rehabilitation Fund		766.38		766.38	-
Cape May County MUA Mini Grant			3,000.00	3,000.00	-
Clean Communities Grant			4,000.00	4,000.00	-
Smart Growth			35,000.00	35,000.00	-
Court Consolidation Study			16,500.00	16,500.00	-
NJ Transportation Trust Fund Authority Act		143,000.00		143,000.00	-
Other Special Items:					
Cape May City Lease		29,561.45		29,561.45	-
Total Miscellaneous Revenues	A-1	380,490.59	58,500.00	476,040.85	37,050.26

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Receipts from Delinquent Taxes	A-1:A-2	\$ 96,000.00	\$	\$ 144,659.02	\$ 48,659.02
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes					
Total Amount to be Raised by Taxes for Support		1,199,034.99		1,231,819.18	32,784.19
of Municipal Budget		1,199,034.99	-	1,231,819.18	32,784.19
Budget Totals		1,975,525.58	58,500.00	2,152,519.05	118,493.47
Non-Budget Revenues		-		75,885.89	75,885.89
		<u>\$ 1,975,525.58</u>	<u>\$ 58,500.00</u>	<u>\$ 2,228,404.94</u>	<u>\$ 194,379.36</u>

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$ 4,407,369.02
Allocated to:	
School, County and Other Taxes	3,364,509.31
Balance for Support of Municipal Budget Appropriations	1,042,859.71
Add: Appropriation	
"Reserve for Uncollected Taxes"	188,959.47
Amount for Support of Municipal Budget Appropriations	\$ 1,231,819.18

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 140,174.09
Tax Title Lien Collections	4,484.93
	\$ 144,659.02

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Assessment Searches	\$ 40.00
Trash Cans	980.00
Interest Earned	36,693.79
Zoning	3,295.00
Cable Franchise	8,335.87
Marriage Licenses	2,013.00
Planning Board Applications	1,025.00
Campground and Trailer Park Fees	10,840.00
Street Openings	425.00
Photocopies	687.50
Premium on Sale of BANs	5,706.00
Smoke Detectors	3,176.00
Refunds	558.10
Miscellaneous	2,110.63
	\$ 75,885.89

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS AND SAFETY						
Director's Office						
Salaries and Wages	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00		\$ -	\$ -
Other Expenses	1,900.00	1,900.00	990.95		909.05	-
Fire						
Other Expenses:						
Miscellaneous Other Expenses	12,000.00	17,100.00	17,051.61		48.39	-
Aid to Volunteer Fire Company	40,000.00	40,000.00	29,899.40	10,100.60	-	-
Police						
Salaries and Wages	100.00	100.00			100.00	-
Other Expenses	100.00	100.00			100.00	-
Municipal Prosecutor						
Salaries and Wages	6,180.00	6,180.00	6,180.00		-	-
Emergency Management Services						
Salaries and Wages	2,100.00	2,100.00	1,900.00		200.00	-
Other Expenses	1,000.00	1,000.00	430.00		570.00	-
Board of Health						
Other Expenses	500.00	500.00			500.00	-
Emergency Medical Services - Contractual	66,000.00	66,000.00	55,588.00		10,412.00	-
Fire Safety Division						
Salaries and Wages	3,750.00	3,750.00	1,530.00		2,220.00	-
Other Expenses	1,000.00	1,000.00	50.00		950.00	-
Celebration of Public Events, Anniversary, Holidays						
Other Expenses	1,600.00	1,600.00			1,600.00	-
Public Employee Awards Program (NJSA 40A:9-18) (NJSA 40A:5-31)	200.00	200.00			200.00	-
Dog Regulation						
Other Expenses	6,000.00	6,000.00	4,391.79	1,325.47	282.74	-
Municipal Court						
Salaries and Wages	67,000.00	67,000.00	66,048.75		951.25	-
Other Expenses	6,500.00	6,500.00	4,422.30		2,077.70	-
Public Defender						
Salaries and Wages	3,700.00	3,700.00	3,605.00		95.00	-

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	<u>Appropriations</u>		<u>Expended</u>			<u>Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
DEPARTMENT OF REVENUE AND FINANCE:						
Director's Office						
Salaries and Wages	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		\$ -	\$ -
Other Expenses	4,500.00	4,500.00	1,768.98		2,731.02	-
Financial Administration						
Salaries and Wages	27,000.00	27,000.00	27,000.00		-	-
Other Expenses:						
Annual Audit	23,000.00	23,000.00	23,000.00		-	-
Miscellaneous Other Expenses	13,000.00	7,500.00	4,532.18		2,967.82	-
Borough Clerk						
Salaries and Wages	82,000.00	55,500.00	54,328.35		1,171.65	-
Other Expenses	8,500.00	8,500.00	7,485.83	1,014.00	0.17	-
Elections						
Other Expenses	2,600.00	2,600.00	1,637.39		962.61	-
Assessment of Taxes						
Salaries and Wages	9,400.00	9,600.00	9,555.00		45.00	-
Other Expenses	1,500.00	1,500.00	507.63		992.37	-
Collection of Taxes						
Salaries and Wages	28,000.00	27,000.00	23,486.74		3,513.26	-
Other Expenses	2,000.00	3,500.00	2,944.65		555.35	-
Liquidation of Tax Title Liens						
Other Expenses	200.00	200.00			200.00	-
Legal Services and Costs						
Other Expenses:	81,000.00	231,000.00	208,966.33	1,448.27	20,585.40	-
Grant Coordinator - Contractual	1,000.00	1,000.00	1,000.00		-	-
Code Enforcement Officer						
Salaries and Wages	3,200.00	4,700.00	3,664.00		1,036.00	-
Zoning Officer						
Salaries and Wages	8,000.00	8,000.00	7,122.02		877.98	-
Other Expenses	500.00	500.00			500.00	-
Municipal Land Use (N.J.S.A. 40:55 D-1)						
Planning and Zoning Board						
Salaries and Wages	9,000.00	9,000.00	9,000.00		-	-
Other Expenses	9,000.00	9,000.00	5,966.21		3,033.79	-
Historic Preservation	4,000.00	4,000.00	160.00		3,840.00	-

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	<u>Appropriations</u>		<u>Expended</u>			<u>Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY:						
Director's Office						
Salaries and Wages	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00		\$ -	\$ -
Other Expenses	2,000.00	2,500.00	2,319.34		180.66	-
Public Building and Grounds						
Other Expenses	22,500.00	22,500.00	19,965.48	975.00	1,559.52	-
Engineering						
Other Expenses	2,000.00	2,000.00			2,000.00	-
Road Repairs and Maintenance						
Salaries and Wages	42,000.00	38,000.00	35,155.70		2,844.30	-
Other Expenses	15,000.00	10,000.00	3,428.97		6,571.03	-
Garbage and Trash Removal						
Other Expenses	140,000.00	123,000.00	105,343.47		17,656.53	-
Recycling						
Salaries and Wages	29,000.00	29,000.00	29,000.00		-	-
Other Expenses	8,000.00	6,000.00	2,019.62		3,980.38	-
Parks and Playgrounds						
Other Expenses	500.00	500.00			500.00	-
Recreation						
Other Expenses	300.00	300.00			300.00	-
Shade Tree Commission						
Other Expenses	500.00	500.00	104.11	160.00	235.89	-
Environmental Commission						
Other Expenses	500.00	500.00			500.00	-
UNCLASSIFIED:						
General Office Operations						
Other Expenses	25,000.00	27,400.00	27,173.00	32.60	194.40	-

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES:						
Electric	\$ 33,600.00	\$ 44,600.00	\$ 35,691.18	\$	\$ 8,908.82	\$ -
Street Lighting	24,000.00	24,000.00	17,733.23		6,266.77	-
Telephone	8,500.00	11,000.00	9,616.45		1,383.55	-
Fuel Oil	10,800.00	10,800.00	8,802.27		1,997.73	-
Gasoline/Diesel Fuel	4,500.00	4,500.00			4,500.00	-
Postage	6,000.00	7,300.00	6,000.00		1,300.00	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>948,730.00</u>	<u>1,063,730.00</u>	<u>923,565.93</u>	<u>15,055.94</u>	<u>125,108.13</u>	<u>-</u>
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>948,730.00</u>	<u>1,063,730.00</u>	<u>923,565.93</u>	<u>15,055.94</u>	<u>125,108.13</u>	<u>-</u>
Detail:						
Salaries and Wages	357,430.00	327,630.00	314,575.56	-	13,054.44	-
Other Expenses	591,300.00	736,100.00	608,990.37	15,055.94	112,053.69	-
STATUTORY EXPENDITURES:						
Contributions to:						
Social Security System (O.A.S.I.)	28,000.00	28,000.00	27,355.08		644.92	-
Unemployment Compensation Insurance	1,500.00	1,500.00	1,118.71		381.29	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	<u>29,500.00</u>	<u>29,500.00</u>	<u>28,473.79</u>	<u>-</u>	<u>1,026.21</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>978,230.00</u>	<u>1,093,230.00</u>	<u>952,039.72</u>	<u>15,055.94</u>	<u>126,134.34</u>	<u>-</u>

**BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Expended			Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
OTHER OPERATIONS						
Insurance: N.J.S.A. 40A:4-45.3(oo)						
General Liability	\$ 15,583.00	\$ 15,583.00	\$ 14,170.00	\$ -	\$ 1,413.00	\$ -
Workers Compensation	36,417.00	36,417.00	36,417.00	-	-	-
Employee Group Health	65,000.00	65,000.00	65,000.00	-	-	-
Statutory Expenditures:						
Public Employees' Retirement System	13,424.40	13,424.40	13,424.40	-	-	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	130,424.40	130,424.40	129,011.40	-	1,413.00	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Cape May County Interlocal Service Agreement- Police Contractual	354,806.28	354,806.28	354,805.97	-	0.31	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Municipal Alliance on Alcohol and Drug Abuse						
Local Share	952.00	952.00	952.00	-	-	-
Alcohol Education and Rehabilitation Fund	766.38	766.38	766.38	-	-	-
Recycling Tonnage Grant	4,158.76	4,158.76	4,158.76	-	-	-
Matching Funds for Grants	4,000.00	4,000.00		-	4,000.00	-
Cape May County MUA Mini Grant		3,000.00	3,000.00	-	-	-
Clean Communities Grant		4,000.00	4,000.00	-	-	-
Smart Growth Planning Program		35,000.00	35,000.00			
Share Grant - Court Consolidation Study		15,000.00	15,000.00			
Share Grant - Court Consolidation Study - Match		1,500.00	1,500.00			
New Jersey Transportation Trust Fund Authority Act	143,000.00	143,000.00	143,000.00	-	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	152,877.14	211,377.14	207,377.14	-	4,000.00	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	638,107.82	696,607.82	691,194.51	-	5,413.31	-
Detail:						
Salaries and Wages	354,806.28	354,806.28	354,805.97	-	0.31	-
Other Expenses	283,301.54	341,801.54	336,388.54	-	5,413.00	-

BOROUGH OF WEST CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
CAPITAL IMPROVEMENTS:						
Capital Improvement Fund	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ -	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS	<u>7,000.00</u>	<u>7,000.00</u>	<u>7,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE:						
Payment of Bond Anticipation Notes and Capital Notes	105,000.00	105,000.00	105,000.00	-	-	-
Interest on Notes	25,400.00	25,400.00	25,287.49	-	-	112.51
TOTAL DEBT SERVICE	<u>130,400.00</u>	<u>130,400.00</u>	<u>130,287.49</u>	<u>-</u>	<u>-</u>	<u>112.51</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS":						
Emergency Authorization	14,948.29	14,948.29	14,948.29	-	-	-
Special Emergency Authorization - 5 Years	17,880.00	17,880.00	17,880.00	-	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	<u>32,828.29</u>	<u>32,828.29</u>	<u>32,828.29</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>808,336.11</u>	<u>866,836.11</u>	<u>861,310.29</u>	<u>-</u>	<u>5,413.31</u>	<u>112.51</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>1,786,566.11</u>	<u>1,960,066.11</u>	<u>1,813,350.01</u>	<u>15,055.94</u>	<u>131,547.65</u>	<u>112.51</u>
Reserve for Uncollected Taxes	<u>188,959.47</u>	<u>188,959.47</u>	<u>188,959.47</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 1,975,525.58</u>	<u>\$ 2,149,025.58</u>	<u>\$ 2,002,309.48</u>	<u>\$ 15,055.94</u>	<u>\$ 131,547.65</u>	<u>\$ 112.51</u>
		Adopted Budget	\$ 1,975,525.58	\$ 207,377.14	Federal and State Grants	
		Added by 40A:4-87	58,500.00	188,959.47	Reserve for Uncollected Taxes	
		Emergency	115,000.00	32,828.29	Deferred Charges	
		Special Emergency	-	1,573,144.58	Cash Disbursed	
			<u>\$ 2,149,025.58</u>	<u>\$ 2,002,309.48</u>		

EXHIBIT - B
TRUST FUND

BOROUGH OF WEST CAPE MAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 890.25	\$ 643.05
		<u>890.25</u>	<u>643.05</u>
<u>Other Funds</u>			
Cash and Investments	B-2	95,524.29	140,638.47
Due from Current Fund:			
Unemployment Compensation		534.73	534.73
POAA Trust		125.00	125.00
Engineering Escrow		800.00	800.00
		<u>96,984.02</u>	<u>142,098.20</u>
		<u>\$ 97,874.27</u>	<u>\$ 142,741.25</u>

BOROUGH OF WEST CAPE MAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 535.65	\$ 563.09
Due to State of New Jersey	B-4	13.20	-
Due to Current Fund		341.40	79.96
		<u>890.25</u>	<u>643.05</u>
<u>Other Funds</u>			
Due to Current - Tax Title Lien Redemption		4,092.94	4,092.94
Reserve for Unemployment Compensation		534.73	534.73
Reserve for Site Plan Escrow		33,029.32	76,717.98
Reserve for TTL Redemption		24,590.04	29,171.71
Reserve for POAA Trust		125.00	125.00
Reserve for Shade Tree		8,280.85	735.36
Reserve for Public Assistance		6,050.23	6,050.23
Reserve for CDBG		3,760.62	3,651.38
Reserve for Other Trust Accounts		16,520.29	21,018.87
		<u>96,984.02</u>	<u>142,098.20</u>
		<u>\$ 97,874.27</u>	<u>\$ 142,741.25</u>

EXHIBIT - C
GENERAL CAPITAL FUND

BOROUGH OF WEST CAPE MAY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Assets</u>			
Cash and Investments	C-2,C-3	\$ 156,349.31	\$ 50,041.18
Deferred Charges to Future Taxation: Unfunded	C-6	719,450.00	723,750.00
		<u>\$ 875,799.31</u>	<u>\$ 773,791.18</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Due to Current Fund		\$ -	\$ -
Bond Anticipation Notes Payable	C-9	650,000.00	595,000.00
Encumbrance Payable		14,875.00	26,211.82
Improvement Authorizations:			
Funded	C-7	51,800.00	8,818.77
Unfunded	C-7	146,986.64	133,322.92
Reserve for Capital Projects		535.28	535.28
Capital Improvement Fund	C-4	11,400.00	9,700.00
Fund Balance	C-1	202.39	202.39
		<u>\$ 875,799.31</u>	<u>\$ 773,791.18</u>

BOROUGH OF WEST CAPE MAY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

Balance December 31, 2006	<u>Ref.</u> C		\$	202.39
Increased By:				
None		\$		-
				-
				202.39
Decreased By:				
None				-
				-
Balance December 31, 2007	C		\$	202.39

EXHIBIT - D
WATER & SEWER UTILITY FUND

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 277,013.86	\$ 960,542.45
Due from Current Fund		<u>249,538.99</u>	<u>244,547.99</u>
		<u>526,552.85</u>	<u>1,205,090.44</u>
Receivables With Full Reserves:			
Rents Receivable	D-7	25,341.49	27,988.37
Liens	D-8	<u>-</u>	<u>-</u>
		<u>25,341.49</u>	<u>27,988.37</u>
Deferred Charge			
Expenditure Without an Appropriation		<u>-</u>	<u>10,200.00</u>
		<u>-</u>	<u>10,200.00</u>
Total Operating Fund		<u>551,894.34</u>	<u>1,243,278.81</u>
Capital Fund:			
USDA Grant Receivable		68,463.00	68,463.00
Fixed Capital:			
Completed		3,358,048.56	3,358,048.56
Authorized and Uncompleted		1,654,426.44	1,654,426.44
Due from Water & Sewer Operating Fund		340,544.16	919,865.29
Total Capital Fund		<u>5,421,482.16</u>	<u>6,000,803.29</u>
		<u>\$ 5,973,376.50</u>	<u>\$ 7,244,082.10</u>

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
Operating Fund:			
Appropriation Reserves	D-4	\$ 33,677.79	\$ 68,686.98
Encumbrances Payable		248.68	2,131.91
Overpayments		1,524.47	2,320.16
Accrued Interest on Bonds and Notes	D-11	12,275.00	12,275.00
Overpayments Due to Lien holders		3,989.20	3,989.20
Due to Water & Sewer Capital Fund		340,544.16	919,865.29
		<u>392,259.30</u>	<u>1,009,268.54</u>
Reserve for Receivables	D	25,341.49	27,988.37
Fund Balance	D-1	134,293.55	206,021.90
Total Operating Fund		<u>551,894.34</u>	<u>1,243,278.81</u>
Capital Fund:			
USDA Bonds Payable		559,286.24	565,107.18
USDA Loans Payable		241,306.99	246,085.70
Bond Anticipation Notes Payable	D-14	1,450,000.00	1,000,000.00
Encumbrance Payable		83,253.30	1,152,060.00
Improvement Authorizations:			
Funded	D-12	37,005.16	37,005.16
Unfunded	D-12	357,075.70	367,815.13
Reserve for Amortization		2,570,829.77	2,510,230.12
Deferred Reserve for Amortization		1,500.00	1,500.00
Capital Improvement Fund	D-10	121,000.00	121,000.00
Fund Balance	D-2	225.00	-
		<u>5,421,482.16</u>	<u>6,000,803.29</u>
Total Capital Fund		<u>\$ 5,973,376.50</u>	<u>\$ 7,244,082.10</u>

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	195,750.00	\$ 265,000.00
Water & Sewer Rents		673,739.26	643,915.53
Miscellaneous		43,334.31	10,260.82
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		54,908.08	29,320.21
Total Income		<u>967,731.65</u>	<u>948,496.56</u>
Expenditures:			
Operations:			
Salaries and Wages		89,000.00	89,000.00
Other Expenses		596,600.00	630,000.00
Debt Service		140,710.00	48,125.00
Deferred Charges and Statutory Expenditures		17,400.00	18,787.12
Capital Improvement Fund		-	120,000.00
Total Expenditures		<u>843,710.00</u>	<u>905,912.12</u>
Excess in Revenue		124,021.65	42,584.44
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	10,200.00
Fund Balance January 1	D	<u>206,021.90</u>	<u>418,237.46</u>
		330,043.55	471,021.90
Decreased By:			
Utilization as Anticipated Revenue		<u>195,750.00</u>	<u>265,000.00</u>
Balance December 31	D	<u>\$ 134,293.55</u>	<u>\$ 206,021.90</u>

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE

Balance December 31, 2006	<u>Ref.</u> D		\$	-
Increased By:				
Encumbrance Cancelled		\$ 225.00		
				225.00
				225.00
Decreased By:				
None		-		
				-
Balance December 31, 2007	D		\$	225.00

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 195,750.00	\$ 195,750.00	\$ -
Anticipated Revenue:			
Water Rents	319,000.00	331,266.06	12,266.06
Sewer Rents	324,000.00	342,473.20	18,473.20
Miscellaneous	10,000.00	43,334.31	33,334.31
	<u>653,000.00</u>	<u>717,073.57</u>	<u>64,073.57</u>
Total Revenue	<u>\$ 848,750.00</u>	<u>\$ 912,823.57</u>	<u>\$ 64,073.57</u>

Analysis of Realized Revenue:

Water & Sewer Rents

Consumer Accounts Receivable	\$ 673,739.26	
Liens Receivable	-	
Total Water & Sewer Rents		<u>\$ 673,739.26</u>

Miscellaneous Revenue

Interest on Delinquent Accounts	\$ 2,641.49	
Interest Earned	2,925.26	
Connection Fees	14,200.00	
Miscellaneous	23,567.56	
Total Miscellaneous		<u>\$ 43,334.31</u>

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended		(Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations:					
Salaries and Wages	\$ 89,000.00	\$ 89,000.00	\$ 83,462.14	\$ 5,537.86	\$
Other Expenses	596,600.00	596,600.00	570,064.20	26,535.80	
	<u>685,600.00</u>	<u>685,600.00</u>	<u>653,526.34</u>	<u>32,073.66</u>	<u>-</u>
Capital Improvements:					
None		-		-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:					
Payment of Bond Anticipation Notes	55,000.00	55,000.00	50,000.00		5,000.00
Interest on Notes	42,500.00	42,500.00	42,500.00		-
USDA Principal & Interest	48,250.00	48,250.00	48,210.00		40.00
	<u>145,750.00</u>	<u>145,750.00</u>	<u>140,710.00</u>	<u>-</u>	<u>5,040.00</u>
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	7,200.00	7,200.00	5,595.87	1,604.13	
Expenditure without an Appropriation	10,200.00	10,200.00	10,200.00	-	
	<u>17,400.00</u>	<u>17,400.00</u>	<u>15,795.87</u>	<u>1,604.13</u>	<u>-</u>
	<u>\$ 848,750.00</u>	<u>\$ 848,750.00</u>	<u>\$ 810,032.21</u>	<u>\$ 33,677.79</u>	<u>\$ 5,040.00</u>
Ref.	D				D
			\$ 719,073.53	Disbursed	
			90,710.00	Accrued Interest on Debt	
			248.68	Encumbrances Payable	
			<u>\$ 810,032.21</u>		

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF WEST CAPE MAY
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
General Fixed Assets:			
Land Improvements	\$	357,226.00	\$ 357,226.00
Buildings		1,486,162.00	1,486,162.00
Machinery and Equipment		1,016,409.00	987,612.00
Total General Fixed Assets	\$	<u>2,859,797.00</u>	<u>\$ 2,831,000.00</u>
Investment in General Fixed Assets	\$	<u>2,859,797.00</u>	<u>\$ 2,831,000.00</u>

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

The Borough of West Cape May is an offshore community located in the County of Cape May, State of New Jersey. The population according to the 2000 census is 1,095.

The Borough is incorporated and operates under a Mayor and Commission form of government. The Mayor is the chief executive officer of the Borough and is appointed by the Borough Commission.

Component Units

The financial statements of the component units of the Borough of West Cape May are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. If the provisions of GASB 14 had been complied with the other entity’s financial statements would have to be either blended or discretely presented with the financial statements – statutory basis of the Borough of West Cape May, the primary government.

Basis of Presentation, Fund Accounting

The financial statements – statutory basis of the Borough of West Cape May contain all funds and account groups in accordance with the “Requirements of Audit” as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of West Cape May accounts for its financial transactions through the following separate funds which differ from the funds required by GAAP.

Current Fund

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

Trust Funds

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

General Capital Funds

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Water and Sewer Utility Operating and Capital Funds

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

Budgets and Budgetary Accounting

The Borough of West Cape May must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory due dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements – statutory basis.

Cash and Investments

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

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

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

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

Generally, the Borough considers all investments that mature in one year or less to be cash equivalents.

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfunds

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

Inventories of Supplies

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

General Fixed Assets

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available.

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

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

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

Utility Fixed Assets

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreclosed Property

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

Deferred Charges

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

Appropriation Reserves

Appropriation Reserves covering unexpended appropriation balance are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

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

Revenues

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenues

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

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Borough of West Cape May School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the school districts from January 1st through December 31st. Deferred school taxes arise due to the differences in the municipal and school district fiscal year ends. As of December 31, 2007, the breakdown of the school tax payable and year end deferral is as follows.

<u>Category</u>	<u>Amount</u>
School Tax Payable - Local School	\$ -
School Tax Payable - Regional School	-
School Tax Deferred - Local School	433,389.00
School Tax Deferred - Regional School	804,134.96
	<u>\$ 1,237,523.96</u>

County Taxes

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

Reserve for Uncollected Taxes

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures

Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Compensated Absences and Post – Employment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a “pay as you go” basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a “pay as you go” basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 650,000.00	\$ 595,000.00	\$ 618,000.00
Water & Sewer Utility:			
Bonds, Notes and Loans	2,250,593.23	1,811,192.88	821,308.91
Total Issued	<u>2,900,593.23</u>	<u>2,406,192.88</u>	<u>1,439,308.91</u>
<u>Authorized but not Issued</u>			
Bonds and Notes:			
General	69,450.00	128,750.00	91,750.00
Water & Sewer Utility	189,552.00	689,552.00	1,689,552.00
Total Authorized but not Issued	<u>259,002.00</u>	<u>818,302.00</u>	<u>1,781,302.00</u>
Net Bonds, Notes and Loans Issued, and Authorized but not Issued	<u>\$ 3,159,595.23</u>	<u>\$ 3,224,494.88</u>	<u>\$ 3,220,610.91</u>

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement:

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .16%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ 768,340.16	\$ 768,340.16	\$ -
Water & Sewer Utility Debt	2,440,145.23	2,440,145.23	-
Other Bonds and Notes	<u>719,450.00</u>	<u>-</u>	<u>719,450.00</u>
	<u>\$ 3,927,935.39</u>	<u>\$ 3,208,485.39</u>	<u>\$ 719,450.00</u>

Net debt \$719,450 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$446,990,563 = .16%.

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

3-1/2% of Equalized Valuation Basis	\$ 15,644,669.71
Net Debt	<u>(719,450.00)</u>
Remaining Borrowing Power	<u>\$ 14,925,219.71</u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 912,823.57
Deductions:	
Operating & Maintenance Costs	\$ 692,800.00
Debt Service per Utility Funds	<u>140,710.00</u>
Total Deductions	<u>833,510.00</u>
Excess in Revenue	<u>\$ 79,313.57</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable

General Capital Fund

At December 31, 2007, there were no bonds and loans payable in the General Capital Fund.

Water & Sewer Utility Fund

At December 31, 2007, bonds and loans payable in the Water & Sewer Utility Fund consisted of the following individual issues:

\$576,000.00 USDA Bonds dated October 29, 2004, due in semiannual installments through December 2045, bearing interest at 4.5%. The balance remaining as of December 31, 2007 is \$559,286.24.

\$293,200.00 FmHA Loan dated December 5, 1991, due in semiannual installments through December 2032, bearing interest at 5%. The balance remaining as of December 31, 2007 is \$241,306.99.

Changes in Long-Term Debt

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

	<u>Outstanding 12/31/06</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/07</u>
General Capital Fund			
None	\$	\$	\$
Utility Capital Fund:			
Loans Payable	<u>811,192.88</u>	<u>10,599.65</u>	<u>800,593.23</u>
Total Utility Capital Fund	<u>811,192.88</u>	<u>10,599.65</u>	<u>800,593.23</u>
Total All Funds	<u>\$ 811,192.88</u>	<u>\$ 10,599.65</u>	<u>\$ 800,593.23</u>

Schedule of Annual Debt Service for Principal and Interest for Bonds Payable

<u>Year Ending December 31</u>	<u>Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,085.82	\$ 25,100.18
2009	6,362.77	24,823.23
2010	6,652.31	24,533.69
2011	6,955.03	24,230.97
2012	7,271.53	23,914.47
2013-2017	41,632.78	114,297.22
2018-2022	52,007.82	103,922.18
2023-2027	64,968.32	90,961.68
2028-2032	81,158.68	74,771.32
2033-2037	101,383.68	54,546.32
2038-2041	126,648.85	29,281.15
2042-2044	<u>58,158.65</u>	<u>3,276.79</u>
	<u>\$ 559,286.24</u>	<u>\$ 593,659.20</u>

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Loans Payable

Year Ending December 31	Utility Capital Fund	
	Principal	Interest
2008	\$ 5,020.64	\$ 12,003.36
2009	5,274.80	11,749.20
2010	5,541.84	11,482.16
2011	5,822.40	11,201.60
2012	6,117.16	10,906.84
2013-2017	35,286.69	49,843.21
2018-2022	45,515.56	39,604.44
2023-2027	58,263.79	26,856.21
2028-2032	74,464.11	10,257.51
	<u>\$ 241,306.99</u>	<u>\$ 183,904.53</u>

NOTE 3: COMPENSATED ABSENCES

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2007, the Borough estimates this liability to approximate \$30,377.22 based on 2007 pay rates and compensated absence balances.

NOTE 4: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2007	Balance December 31, 2006
Prepaid Taxes - Cash Liability	\$ 45,627.69	\$ 54,521.67

NOTE 5: RETIREMENT PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS), which has been established by state statute and is 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 Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 5: RETIREMENT PLANS (Continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Vesting and Benefit Provisions

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

For the Public Employees' Retirement System, the Borough's contribution was \$13,424.40 for 2007 and \$7,354.40 for 2006.

Three Year Trend Information for PERS

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 13,424.40	100%	\$ -
12/31/06	7,354.40	100%	-
12/31/05	1,957.80	100%	-

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 6: CASH AND INVESTMENTS

Cash

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Borough's name by several commercial banking institutions. At December 31, 2007, the carrying amount of the Borough's deposits was \$1,525,015.91 and the bank balance was \$2,030,269.89. Of the bank balance, \$100,000.00 was insured with Federal Deposit Insurance Corporation. The remaining balance was insured under the Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Borough's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Borough would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2007, all of the Borough's deposits were insured through FDIC or GUDPA and, accordingly, not exposed to custodial credit risk. The Borough does not have a policy for custodial credit risk.

Investments

Pursuant to the Enabling Act, the funds of the Borough may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Borough may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2007, the Borough did not have any investments.

NOTE 7: PROPERTY TAXES

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

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

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

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 7: PROPERTY TAXES (Continued)

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

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

Comparative Schedule of Tax Rates

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	\$ 0.900	\$ 1.320	\$ 1.180
Apportionment of Tax Rate:			
Municipal	0.236	0.334	0.254
County	0.176	0.272	0.267
Local and Regional School	0.488	0.714	0.659

Assessed Valuation

2007	\$ 507,539,041.00	R
2006	309,976,918.00	
2005	307,279,703.00	

R = Reassessed

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2007	\$ 4,583,680.09	\$ 4,407,369.02	96.15%
2006	4,129,895.58	3,981,153.66	96.40%
2005	3,641,919.91	3,541,328.42	97.24%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2007	\$ 45,206.92	\$ 165,327.47	\$ 210,534.39	4.59%
2006	34,736.81	148,641.03	183,377.84	4.44%
2005	31,108.25	98,079.97	129,188.22	3.55%

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 7: PROPERTY TAXES (Continued)

Property Acquired by Tax Title Lien Redemption

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

<u>Year</u>	<u>Amount</u>
2007	\$ 230,782.00
2006	230,782.00
2005	230,782.00

NOTE 8: ECONOMIC DEPENDENCY

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

NOTE 9: 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.

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2007	\$ 661,815.82	\$ 400,000.00	60.44%
	2006	579,600.50	300,000.00	51.76%
	2005	525,313.86	360,000.00	68.53%
	2004	542,621.94	380,000.00	70.03%
	2003	630,375.92	355,000.00	56.32%
Water & Sewer Utility	2007	134,293.55	134,000.00	99.78%
	2006	206,021.90	195,750.00	95.01%
	2005	418,237.46	265,000.00	63.36%
	2004	559,268.79	215,000.00	38.44%
	2003	573,767.54	148,900.00	25.95%

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 10: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2007 are as follows:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 111,454.56	\$ 250,998.72
Grant Fund	-	107,020.22
Animal Control Trust	-	341.40
Trust Funds - Other	1,459.73	4,092.94
Water & Sewer Operating	249,538.99	340,544.16
Water & Sewer Capital	340,544.16	-
	<u>\$ 702,997.44</u>	<u>\$ 702,997.44</u>

NOTE 11: BUDGETARY DATA

Annually, Borough Commission adopts the annual appropriation budgets for the Current Fund and the Capital Improvement Plan as well as for the Water and Sewer Utility Fund. Once approved, the Borough Commission may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The Borough Commission approves the transfers by resolution. Budgetary transfers during the year were not significant.

NOTE 12: FEDERAL AND STATE GRANTS

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 13: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2007:

	Balance as of December 31, 2006	Additions	Deletions	Balance as of December 31, 2007
Land & Improvements	\$ 357,226.00	\$	\$	\$ 357,226.00
Buildings	1,486,162.00			1,486,162.00
Machinery & Equipment	987,612.00	64,015.00	35,218.00	1,016,409.00
Total	\$ <u>2,831,000.00</u>	\$ <u>64,015.00</u>	\$ <u>35,218.00</u>	\$ <u>2,859,797.00</u>

Note 14: POST-RETIREMENT HEALTH BENEFITS

The Borough of West Cape May provides post-retirement health care benefits for eligible retired Borough employees. During 2007, the City provided post-employment health care benefits of \$4,396.92 to one (1) retired employee.

NOTE 15: RISK MANAGEMENT

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

Property and Liability Insurance

The Borough maintains commercial insurance coverage for property, liability and surety bonds.

NOTE 16: LITIGATION

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

SUPPLEMENTARY INFORMATION

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

	<u>Ref.</u>	<u>Current Fund</u>	
Balance December 31, 2006	A	\$	986,605.52
Increased By Receipts:			
Current Taxes		\$	4,336,847.35
Prior Taxes			140,174.09
Tax Title Lien Collections			4,484.93
Prepaid Taxes			45,627.69
Tax Overpayments			4,722.99
Miscellaneous Revenue Anticipated			269,615.71
Miscellaneous Revenue Not Anticipated			75,885.89
Due from Water & Sewer Utility Fund			4,991.00
Due to State - Marriage Licenses			125.00
Due to Grant Fund			90,607.05
Due from Dog Fund			39.40
Payroll Taxes Payable			548,774.79
Due from State - Senior Citizens & Vets			15,500.00
			<u>5,537,395.89</u>
			6,524,001.41
Decreased By Disbursements:			
2007 Appropriations			1,573,144.58
2006 Appropriation Reserves			68,122.62
County Taxes			889,458.27
Local District School Tax			851,783.00
Regional School Tax			1,489,836.19
Payroll Taxes Payable			548,691.01
Due to Grant Fund			107,463.14
Due to State - Marriage Licenses			125.00
Due from Dog Fund			39.40
			<u>5,528,663.21</u>
Balance December 31, 2007	A	\$	<u><u>995,338.20</u></u>

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

Year	Balance Dec. 31, 2006	2007 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2007
				2006	2007			
2006	\$ 148,641.03	\$ -	\$ -	\$ -	\$ 140,174.09	\$ -	\$ 8,466.94	\$ -
	148,641.03	-	-	-	140,174.09	-	8,466.94	-
2007		4,567,851.37	15,828.72	54,521.67	4,352,847.35	4,998.60	5,985.00	165,327.47
	\$ 148,641.03	\$ 4,567,851.37	\$ 15,828.72	\$ 54,521.67	\$ 4,493,021.44	\$ 4,998.60	\$ 14,451.94	\$ 165,327.47
Ref.	A							A

\$ 4,477,021.44 Cash Receipts
 16,000.00 Senior Citizens and Veterans
\$ 4,493,021.44

Analysis of 2007 Property Tax Levy

Tax Yield:

General Property Tax

Added Taxes (54:4-63.1 et seq.)

\$ 4,567,851.37
 15,828.72
\$ 4,583,680.09

Tax Levy:

Local District School Tax:

Levy

\$ 866,778.00

\$ 866,778.00

Regional High School Tax

1,608,273.04

County Taxes

886,358.07

County Taxes Added and Omitted

3,100.20

Local Tax for Municipal Purposes

1,199,034.99

Add: Additional Tax Levied

20,135.79

1,219,170.78

\$ 4,583,680.09

BOROUGH OF WEST CAPE MAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2006	<u>Ref.</u> A		\$ 34,736.81
Increased By Receipts:			
Transfers from Taxes Receivable		\$ 14,451.94	
Interest and Costs		<u>503.10</u>	
			<u>14,955.04</u>
			49,691.85
Decreased By Disbursements:			
Collections		<u>4,484.93</u>	
			<u>4,484.93</u>
Balance December 31, 2007	A		\$ <u><u>45,206.92</u></u>

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

	Ref.	Balance Dec. 31, 2006	Accrued In 2007	Collected	Balance Dec. 31, 2007
<u>Miscellaneous Revenue Anticipated:</u>					
Licenses:					
Other	\$		\$ 18,120.00	\$ 18,120.00	\$ -
Municipal Court:					
Fines and Costs		2,311.10	27,689.03	28,337.14	1,662.99
Interlocal			11,600.00	11,600.00	-
Interest and Costs on Taxes			28,993.12	28,993.12	-
Energy Receipts Tax			101,542.00	101,542.00	-
Legislative Initiative Block Grant			4,490.00	4,490.00	-
Consolidated Municipal Property Tax Relief			16,759.00	16,759.00	-
Municipal Property Tax Assistance			2,431.00	2,431.00	-
Supplemental Energy Receipts Tax			2,782.00	2,782.00	-
Municipal Homeland Security Assistance Aid			25,000.00	25,000.00	-
Cape May City Interlocal					
Services Agreement - Lease			29,561.45	29,561.45	-
<u>Miscellaneous Revenue Not Anticipated:</u>					
Miscellaneous Non-Budget Revenue			75,885.89	75,885.89	-
TOTALS		<u>\$ 2,311.10</u>	<u>\$ 344,853.49</u>	<u>\$ 345,501.60</u>	<u>\$ 1,662.99</u>
	Ref.	A		A-4	A

BOROUGH OF WEST CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2006	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Public Affairs & Safety:				
Director's Office				
Other Expenses	\$ 655.78	\$ 655.78	\$	\$ 655.78
Borough Clerk				
Salaries & Wages	2,827.48	2,827.48		2,827.48
Other Expenses	880.78	880.78	388.13	492.65
Fire				
Other Expenses:				
Miscellaneous Other Expenses	497.31	2,697.31	2,316.17	381.14
Public Safety (Police)				
Salaries & Wages	4,000.00	-		-
Other Expenses	200.00	200.00		200.00
Fire Safety Division				
Salaries & Wages	150.00	150.00		150.00
Other Expenses	50.00	50.00		50.00
Dog Regulation				
Other Expenses	1,250.70	2,050.70	1,605.15	445.55
Emergency Management Services				
Salaries & Wages	200.00	200.00		200.00
Other Expenses	1,000.00	-		-
Emergency Medical Services-Contractual	14,587.00	14,587.00	14,587.00	-
Celebration of Public Events, Anniversary, Holidays				
Other Expenses	255.91	255.91		255.91
Public Employee Rewards Program	200.00	200.00		200.00

BOROUGH OF WEST CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2006	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Revenue and Finance:				
Director's Office				
Other Expenses	\$ 2,020.23	\$ 2,020.23	\$ 1,325.00	\$ 695.23
Financial Administration				
Salaries & Wages	1,200.00	200.00		200.00
Other Expenses:				
Miscellaneous Other Expenses	2,954.10	2,954.10	530.63	2,423.47
Elections				
Other Expenses	1,245.46	1,245.46		1,245.46
Assessment of Taxes				
Salaries & Wages	300.00	300.00		300.00
Other Expenses	844.61	1,044.61	1,044.61	-
Revaluation	12,000.00	12,000.00	11,907.94	92.06
Collection of Taxes				
Salaries & Wages	547.92	547.92		547.92
Other Expenses	69.61	69.61		69.61
Liquidation of Tax Title Liens				
Other Expenses	200.00	200.00		200.00
Legal Services and Costs				
Other Expenses	4,892.61	13,092.61	13,071.96	20.65
Code Enforcement Officer				
Salaries & Wages	1,347.75	247.75		247.75
Planning and Zoning				
Other Expenses	1,012.19	1,012.19	420.00	592.19

BOROUGH OF WEST CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2006	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Public Works, Parks & Public Property:				
Director's Office				
Other Expenses	\$ 600.43	\$ 600.43	\$	\$ 600.43
Public Building and Grounds				
Other Expenses	974.06	974.06	846.52	127.54
Engineering				
Other Expenses	1,500.00	1,500.00	245.39	1,254.61
Road Repairs and Maintenance				
Salaries & Wages	9,619.87	9,619.87		9,619.87
Other Expenses	2,211.44	711.44	59.99	651.45
Garbage and Trash Removal				
Other Expenses	46,944.29	43,944.29	10,949.26	32,995.03
Recycling				
Other Expenses	875.69	3,875.69	2,400.00	1,475.69
Shade Tree Commission				
Other Expenses	810.00	810.00	207.92	602.08
Parks and Playgrounds				
Other Expenses	510.76	510.76		510.76
Recreation				
Other Expenses	500.00	500.00		500.00
Environmental Commission				
Other Expenses	732.72	732.72		732.72
Electric	2,599.53	3,399.53	3,391.94	7.59
Street Lighting	1,304.50	1,904.50	1,891.81	12.69
Telephone	551.74	551.74		551.74
Fuel Oil	1,647.54	1,647.54	931.63	715.91
Gasoline/Diesel Fuel	3,535.50	1,035.50		1,035.50
Postage	1,256.48	56.48		56.48
General Office Operations	98.92	98.92		98.92

BOROUGH OF WEST CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	<u>Balance Dec. 31, 2006</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Statutory Expenditures				
PERS	\$ 500.00	\$ 500.00	\$	\$ 500.00
Social Security System (O.A.S.I)	531.47	31.47		31.47
Unemployment Compensation Insurance	214.90	214.90		214.90
Municipal Court				
Salaries & Wages	483.11	483.11		483.11
Other Expenses	1,682.66	1,682.66	1,158.31	524.35
Insurance				
General Liability	400.00	400.00		400.00
Matching Funds for Grants	4,000.00	4,000.00		4,000.00
TOTALS	<u>\$ 139,475.05</u>	<u>\$ 139,475.05</u>	<u>\$ 69,279.36</u>	<u>\$ 70,195.69</u>
	Ref. A			
Appropriation Reserves	\$ 126,788.21			
Encumbrances Payable	<u>12,686.84</u>			
	<u>\$ 139,475.05</u>			
			\$ 68,122.62	
			<u>1,156.74</u>	
			<u>\$ 69,279.36</u>	

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

<u>Purpose</u>	<u>Balance Dec. 31, 2006</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2007</u>
State:				
New Jersey Transportation Trust Fund Authority Act of 1984:				
Park Avenue	\$ 27,979.01	\$	\$	\$ 27,979.01
Stevens Street	17,250.00			17,250.00
Fifth Avenue	11,838.08			11,838.08
Columbia Avenue	50,908.87			50,908.87
Fow Avenue	50,000.00			50,000.00
Second Avenue	16,023.95			16,023.95
Bike Path	140,000.00			140,000.00
NJDOT: 2007	-	143,000.00		143,000.00
NJ DEPE Green Acres Grant	2,000.00			2,000.00
Jersey Fresh Grant	500.00			500.00
Clean Communities	-	4,000.00	4,000.00	-
Green Communities	3,010.00			3,010.00
Statewide Livable Communities Grant- ADA Municipal Building Upgrade	83,556.40		72,369.00	11,187.40
DEP Community Stewardship Program	4,948.20			4,948.20
Cape May County MUA Mini Grant	2,000.00	3,000.00	5,000.00	-
Smart Growth	-	35,000.00		35,000.00
Court Consolidation Study	-	16,500.00	1,500.00	15,000.00
Federal:				
Small Cities	4,371.00			4,371.00
Sewage Infrastructure	2,833.00			2,833.00
TOTALS	\$ 417,218.51	\$ 201,500.00	\$ 82,869.00	\$ 535,849.51
Ref.	A			A

BOROUGH OF WEST CAPE MAY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance Dec. 31, 2006</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2007</u>
State:				
Alcohol Education Rehabilitation	\$ 766.38	\$ 735.52	\$ 766.38	\$ 735.52
Recycling Tonnage	4,158.76	3,043.08	4,158.76	3,043.08
Cape May County MUA		3,959.45		3,959.45
Federal:				
Small Cities Program - 2002	15,645.00			15,645.00
 TOTALS	 \$ <u>20,570.14</u>	 \$ <u>7,738.05</u>	 \$ <u>4,925.14</u>	 \$ <u>23,383.05</u>
Ref.	A			A

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

<u>Purpose</u>	<u>Balance Dec. 31, 2006</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Balance Dec. 31, 2007</u>
State:				
New Jersey Transportation Trust:				
Fund Authority Act of 1984:				
Park Avenue	\$ 11,804.56	\$	\$	\$ 11,804.56
Stevens Street	8,594.70			8,594.70
Fifth Avenue	8,067.83			8,067.83
Columbia Avenue	41,163.22			41,163.22
Second Avenue	10,494.94			10,494.94
Bike Path	129,047.50		3,459.58	125,587.92
NJDOT: 2007	-	143,000.00	134,422.00	8,578.00
Clean Communities	6,044.58	4,000.00	5,000.00	5,044.58
Green Communities	1,010.00		(462.40)	1,472.40
Stormwater Regulations	506.02			506.02
DCA Smart Future Planning Grant	16.59			16.59
Alcohol Education and Rehabilitation	674.20	766.38	85.00	1,355.58
Solid Waste Recycling	438.59	4,158.76		4,597.35
Recycling Tonnage	14,190.41			14,190.41
Jersey Fresh	500.00			500.00
Environmental Services	5,000.00			5,000.00
Emergency Management Relief	5,042.38			5,042.38
Municipal Alliance - Local Share	1,884.00	952.00		2,836.00
NJ DEPE Green Acres Grant	2,000.00			2,000.00
DEP Community Stewardship Program	1,489.11			1,489.11
Special Purpose Grant-Volunteer Fire Co.	4.13			4.13
Court Consolidation Study	-	16,500.00	12,000.00	4,500.00
Smart Growth	-	35,000.00	35,000.00	-

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

<u>Purpose</u>	<u>Balance Dec. 31, 2006</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Balance Dec. 31, 2007</u>
Federal:				
Cape May County Recycling	\$ 544.80	\$ 3,000.00	\$ 3,276.48	\$ 268.32
Small Cities	8,223.49			8,223.49
Small Cities - 2002 Program	10,479.31			10,479.31
Sewage Infrastructure	13,033.30			13,033.30
TOTALS	\$ <u>280,253.66</u>	\$ <u>207,377.14</u>	\$ <u>192,780.66</u>	\$ <u>294,850.14</u>
Ref.	A			A

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

Balance December 31, 2006	<u>Ref.</u> B		\$	643.05
Increased By Receipts:				
Dog Licenses Fees		\$		247.20
State License Fees				52.60
Due to Current Fund				261.44
				561.24
				1,204.29
Decreased By Disbursements:				
Dog Fund Expenditures				274.64
State of New Jersey				39.40
				314.04
Balance December 31, 2007	B		\$	890.25

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

Balance December 31, 2006	<u>Ref.</u> B		\$ 140,638.47
Increased By Receipts:			
Tax Title Liens		\$ 38,790.26	
Site Plan Escrow Deposits		39,635.58	
CDBG Interest		109.24	
Shade Tree		10,559.07	
Other Trust Fund Receipts		17,476.32	
		<hr/>	<hr/>
			106,570.47
			247,208.94
Decreased By Disbursements:			
Tax Title Lien Redemptions		43,371.93	
Site Plan Escrow Deposits Returned		83,324.24	
Shade Tree		3,013.58	
Other Trust Fund Disbursements		21,974.90	
		<hr/>	<hr/>
			151,684.65
Balance December 31, 2007	B		\$ <u><u>95,524.29</u></u>

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

Balance December 31, 2006	<u>Ref.</u> B		\$	563.09
Increased By:				
Dog Licenses Fees Collected		\$ 247.20		<u>247.20</u>
				810.29
Decreased By Disbursements:				
Dog Fund Expenditures		<u>274.64</u>		<u>274.64</u>
Balance December 31, 2007	B		\$	<u><u>535.65</u></u>
License Fees Collected				
	<u>Year</u>			
	2006	254.40		
	2005	<u>281.25</u>		
		\$ <u><u>535.65</u></u>		

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2006	<u>Ref.</u> B		\$	-
Increased By:				
Collected in 2007		\$ 52.60		<u>52.60</u>
				52.60
Decreased By:				
Paid to State of New Jersey		<u>39.40</u>		<u>39.40</u>
Balance December 31, 2007	B		\$	<u><u>13.20</u></u>

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

Balance December 31, 2006	<u>Ref.</u> C		\$ 50,041.18
Increased By Receipts:			
Due from Current Fund		\$ 7,000.00	
Proceeds from Bond Anticipation Notes		160,000.00	
Proceeds from County of Cape May		<u>50,000.00</u>	
			<u>217,000.00</u>
			267,041.18
Decreased By Disbursements:			
Improvement Authorizations		110,691.87	
			<u>110,691.87</u>
Balance December 31, 2007	C		<u><u>\$ 156,349.31</u></u>

BOROUGH OF WEST CAPE MAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2006	Receipts			Disbursements		Transfers		Balance Dec. 31, 2007
		Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 202.39	\$	\$	\$	\$	\$	\$	\$	\$ 202.39
Capital Improvement Fund	9,700.00			7,000.00	5,300.00				11,400.00
Encumbrances Payable	26,211.82				26,211.82			14,875.00	14,875.00
Reserve for:									
Purchase of Fire Equipment	535.28								535.28
<u>Improvement Authorizations</u>									
Ord.									
Number									
209-93 Purchase of Fire Truck	2,000.00						2,000.00		-
292-01 Improvements to Municipal Buildings	177.10								177.10
308-02 Various Improvements	(15,000.00)								(15,000.00)
324-03 Various Improvements	2,225.95								2,225.95
337-04 Various Improvements	(250.00)								(250.00)
349-05 Public Safety Equipment	2.89								2.89
355-05 Various Improvements	17,416.98				1,497.00		554.00		15,365.98
367-06 Various Improvements	1,518.77				1,518.77				-
374-06 Various Improvements	5,300.00		95,000.00		70,964.50				29,335.50
390-07 Various Improvements	-		65,000.00	3,500.00	10,499.78		12,321.00		45,679.22
406-07 Various Improvements	-			1,800.00					1,800.00
389-07 Solar Panels - County	-			50,000.00					50,000.00
	<u>\$ 50,041.18</u>	<u>\$ -</u>	<u>\$ 160,000.00</u>	<u>\$ 62,300.00</u>	<u>\$ 115,991.87</u>	<u>\$ -</u>	<u>\$ 14,875.00</u>	<u>\$ 14,875.00</u>	<u>\$ 156,349.31</u>
Ref.	C								C

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

Balance December 31, 2006	<u>Ref.</u> C		\$ 9,700.00
Increased By:			
Budget Appropriation		\$ 7,000.00	
		<hr/>	<hr/>
			7,000.00
			<hr/>
			16,700.00
Decreased By:			
Improvement Authorizations Funded		5,300.00	
		<hr/>	<hr/>
			5,300.00
Balance December 31, 2007	C		\$ <u><u>11,400.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2006	<u>Ref.</u> C		\$ -
Increased By:			
None		\$ -	
		<hr/>	<hr/>
			-
Decreased By:			
None		-	
		<hr/>	<hr/>
			-
Balance December 31, 2007	C		\$ <u><u>-</u></u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2007	Analysis of Balance		Unexpended Improvement Authorization
						Bond Anticipation Note	Expenditures	
282-00	Various Improvements	\$ 10,000.00	\$	\$ 10,000.00	\$ -	\$	\$	\$
292-01	Improvements to Municipal Buildings	60,000.00		20,000.00	40,000.00	40,000.00		
308-02	Various Improvements	102,679.33		20,000.00	82,679.33	70,000.00	12,679.33	
321-02	Purchase of Fire Truck	100,000.00		20,000.00	80,000.00	80,000.00		
324-03	Various Improvements	199,577.78		20,000.00	179,577.78	179,577.78		
337-04	Various Improvements	55,250.00		10,000.00	45,250.00	45,000.00	250.00	
349-05	Public Safety Equipment	8,242.89			8,242.89	5,422.22	2,817.78	2.89
355-05	Various Improvements	76,000.00		5,000.00	71,000.00	70,000.00	(15,365.98)	16,365.98
367-06	Various Improvements	11,300.00			11,300.00			11,300.00
374-06	Various Improvements	100,700.00			100,700.00	95,000.00		5,700.00
390-07	Various Improvements		66,500.00		66,500.00	65,000.00		1,500.00
406-07	Various Improvements		34,200.00		34,200.00			34,200.00
		<u>\$ 723,750.00</u>	<u>\$ 100,700.00</u>	<u>\$ 105,000.00</u>	<u>\$ 719,450.00</u>	<u>\$ 650,000.00</u>	<u>\$ 381.13</u>	<u>\$ 69,068.87</u>
Ref.		C			C			C-7

**BOROUGH OF WEST CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2006		2007 Authorizations			Paid or Charged	Balance December 31, 2007	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation	Other		Funded	Unfunded
209-93	Purchase of Fire Truck	05/04/93	\$ 180,000	\$ 2,000.00	\$	\$	\$	\$	2,000.00	\$ -	\$ -
292-01	Improvements to Municipal Buildings	04/03/01	125,000		177.10					-	177.10
324-03	Various Improvements	03/04/04	250,000		2,725.95					-	2,725.95
349-05	Public Safety Equipment	10/04/05	8,243		2.89					-	2.89
355-05	Various Improvements	10/04/05	80,000		18,416.98				2,051.00	-	16,365.98
367-06	Various Improvements	12/13/06	61,300	1,518.77	11,300.00				1,518.77	-	11,300.00
374-06	Various Improvements	06/08/06	106,000	5,300.00	100,700.00				70,964.50	-	35,035.50
390-07	Various Improvements	07/25/07	70,000			3,500.00	66,500.00		22,820.78		47,179.22
406-07	Various Improvements	12/19/07	36,000			1,800.00	34,200.00			1,800.00	34,200.00
389-07	Solar Panels - County	07/25/07	50,000					50,000.00		50,000.00	-
				\$ 8,818.77	\$ 133,322.92	\$ 5,300.00	\$ 100,700.00	\$ 50,000.00	\$ 99,355.05	\$ 51,800.00	\$ 146,986.64
Ref.				C	C					C	C
							Cash Disbursed	\$ 84,480.05			
							Encumbered	14,875.00			
								\$ 99,355.05			

BOROUGH OF WEST CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2006</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2007</u>
282-00	Various Improvements	11/02/00	10/05/06	10/05/07	4.25%	\$ 10,000.00	\$	\$ 10,000.00	\$ -
292-01	Improvements to Municipal Buildings	11/03/01	10/05/06	10/05/07	4.25%	60,000.00		60,000.00	-
292-01	Improvements to Municipal Buildings	11/03/01	10/03/07	10/03/08	4.00%	-	40,000.00		40,000.00
308-02	Various Improvements	11/02/03	10/05/06	10/05/07	4.25%	90,000.00		90,000.00	-
308-02	Various Improvements	11/02/03	10/03/07	10/03/08	4.00%		70,000.00		70,000.00
321-02	Purchase of Ladder Truck	10/30/04	10/05/06	10/05/07	4.25%	100,000.00		100,000.00	-
321-02	Purchase of Ladder Truck	10/30/04	10/03/07	10/03/08	4.00%		80,000.00		80,000.00
324-03	Various Capital Improvements	10/30/04	10/05/06	10/05/07	4.25%	205,000.00		205,000.00	-
324-03	Various Capital Improvements	10/30/04	10/03/07	10/03/08	4.00%		185,000.00		185,000.00
337-04	Various Capital Improvements	10/29/04	10/05/06	10/05/07	4.25%	55,000.00		55,000.00	-
337-04	Various Capital Improvements	10/29/04	10/03/07	10/03/08	4.00%		45,000.00		45,000.00
355-05	Various Improvements	10/05/06	10/05/06	10/05/07	4.25%	75,000.00		75,000.00	-
355-05	Various Improvements	10/05/06	10/03/07	10/03/08	4.00%		70,000.00		70,000.00
374-06	Various Improvements	10/03/07	10/03/07	10/03/08	4.00%	-	95,000.00		95,000.00
390-07	Various Improvements	10/03/07	10/03/07	10/03/08	4.00%	-	65,000.00		65,000.00
						\$ <u>595,000.00</u>	\$ <u>650,000.00</u>	\$ <u>595,000.00</u>	\$ <u>650,000.00</u>
					Ref.	C			C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Bonds, Notes or Grants Issued	Balance Dec. 31, 2007
308-02	Various Improvements	\$ 15,000.00	\$	\$	\$ 15,000.00
324-03	Various Improvements	500.00			500.00
337-04	Various Improvements	250.00			250.00
355-05	Various Improvements	1,000.00			1,000.00
367-06	Various Improvements	11,300.00			11,300.00
374-06	Various Improvements	100,700.00		95,000.00	5,700.00
390-07	Various Improvements	-	66,500.00	65,000.00	1,500.00
406-07	Various Improvements	-	34,200.00		34,200.00
		\$ <u>128,750.00</u>	\$ <u>100,700.00</u>	\$ <u>160,000.00</u>	\$ <u>69,450.00</u>
	Ref. C				C

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY FUNDS
SCHEDULE OF CASH

	Ref.	Operating	
Balance December 31, 2006	<u>D</u>	<u>\$</u>	<u>960,542.45</u>
Increased by Receipts:			
Water & Sewer Rent Collected		\$ 671,419.10	
Water & Sewer Overpayments		1,524.47	
Due from Water Sewer Capital Fund		500,000.00	
Miscellaneous		43,334.31	
Due from Current Fund		<u>5,209.00</u>	
			<u>1,221,486.88</u>
			2,182,029.33
Decreased by Disbursements:			
Current Appropriations		719,073.53	
Appropriation Reserves		15,910.81	
Due from Water Sewer Capital Fund		1,079,321.13	
Accrued Interest on Notes and Loans		<u>90,710.00</u>	
			<u>1,905,015.47</u>
Balance December 31, 2007	D	\$	<u><u>277,013.86</u></u>

**BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2007
	Balance Dec. 31, 2006	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Capital Improvement Fund	\$ 121,000.00	\$	\$	\$	\$	\$ 37,005.16	\$ 37,005.16	\$ 121,000.00
Capital Fund Balance	-						225.00	225.00
USDA Grant Receivable	(68,463.00)							(68,463.00)
Due to/(from):								
Water & Sewer Operating Fund	(919,865.29)		1,079,321.13		500,000.00			(340,544.16)
Encumbrances Payable	1,152,060.00				1,078,111.53	225.00	9,529.83	83,253.30
<u>Improvement Authorizations</u>								
Ord.								
Number								
171-91 Various Improvements	(800.00)							(800.00)
243-96 Various Improvements	(28,500.00)							(28,500.00)
260-98 Various Improvements	1,816.27					1,816.27		-
261-98 Water Line Sunset Ave	35,188.89					35,188.89		-
314-02 Sewer Main Replacement - 2002	(500,000.00)	500,000.00						-
330-03 Sewer Main Replacement - 2003	(118,979.15)					32,272.85		(151,252.00)
356-05 USDA Phase II Sewer & Water	326,542.28					109,529.83		217,012.45
383-07 Equipment and Software	-			1,209.60			100,000.00	98,790.40
384-07 Equipment and Software	-						37,005.16	37,005.16
387-07 Equipment and Software	-						32,272.85	32,272.85
	\$ -	\$ 500,000.00	\$ 1,079,321.13	\$ 1,209.60	\$ 1,578,111.53	\$ 216,038.00	\$ 216,038.00	\$ -
Ref.	E							E

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2006	<u>Ref.</u> D		\$	27,988.37
Increased By:				
Water & Sewer Levy		\$ 671,092.38		
				671,092.38
				699,080.75
Decreased By:				
Collections		671,419.10		
Overpayments Applied		2,320.16		
				673,739.26
Balance December 31, 2007	D		\$	25,341.49

SCHEDULE OF UTILITY LIENS

Balance December 31, 2006	<u>Ref.</u> D		\$	-
Increased By:				
None		\$ -		
				-
				-
Decreased By:				
None		-		
				-
Balance December 31, 2007	D		\$	-

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	<u>Balance Dec. 31, 2006</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 6,176.58	\$ 6,176.58	\$	\$ 6,176.58
Other Expenses	62,182.99	62,182.99	15,910.81	46,272.18
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	2,459.32	2,459.32	-	2,459.32
 TOTALS	 \$ <u>70,818.89</u>	 \$ <u>70,818.89</u>	 \$ <u>15,910.81</u>	 \$ <u>54,908.08</u>
Rep.	D		D-5	D-1
 Appropriation Reserves	 \$ 68,686.98			
Encumbrances Payable	2,131.91			
	<u>\$ 70,818.89</u>			

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND

Balance December 31, 2006	<u>Ref.</u> D		\$	121,000.00
Increased By:				
None		\$		-
				-
				121,000.00
Decreased By:				
None				-
				-
Balance December 31, 2007	D		\$	121,000.00

BOROUGH OF WEST CAPE MAY
WATER & SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES AND ANALYSIS OF BALANCE

	Ref.	
Balance December 31, 2006	D	\$ 12,275.00
Increased By:		
USDA Principal & Interest		\$ 90,710.00
		90,710.00
		102,985.00
Decreased By:		
USDA Principal & Interest Paid		90,710.00
		90,710.00
Balance December 31, 2007	D	\$ 12,275.00

Analysis of Accrued Interest December 31, 2007

Principal Outstanding Dec. 31, 2007	Interest Rate	From	To	Days	Amount
\$ 241,306.99	5.00%	12/03/07	12/31/07	28	\$ 938.42
559,286.24	4.50%	12/15/07	12/31/07	16	1,118.57
1,450,000.00	4.00%	10/05/07	12/31/07	87	10,218.02
\$ 2,250,593.23					\$ 12,275.00

**BOROUGH OF WEST CAPE MAY
 WATER & SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2006		2007 Authorizations		Paid or Charged	Balance December 31, 2007	
				Funded	Unfunded	Deferred Charges to Future Revenue	Other		Funded	Unfunded
260-98	Sewer Main Extensions	08/04/98	\$ 63,229	\$ 1,816.27	\$	\$	(1,816.27)	\$	\$	\$
261-98	Water Line on Sunset Avenue	09/01/99	114,000	35,188.89			(35,188.89)			
330-03	Sewer Main Replacement - 2003	06/17/03	1,476,000		32,272.85		(32,272.85)			
356-05	USDA Phase II Sewer & Water	10/04/05	1,609,000		335,542.28		(100,000.00)	9,529.83		226,012.45
383-07	Equipment and Software	05/23/07	100,000				100,000.00	1,209.60		98,790.40
384-07	Equipment and Software	05/23/07	37,005				37,005.16		37,005.16	
387-07	Equipment and Software	06/27/07	32,273				32,272.85			32,272.85
				\$ 37,005.16	\$ 367,815.13	\$ -	\$ -	\$ 10,739.43	\$ 37,005.16	\$ 357,075.70
			Ref.	D	D				D	D
							Cash Disbursed	\$ 1,209.60		
							Encumbered	9,529.83		
								\$ 10,739.43		

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2006</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2007</u>
			<u>December 31, 2006 Date</u>	<u>Amount</u>				
Replace Septic System	12/05/91	\$ 293,200	06/03/08	\$ 2,479.33	5.000%	\$ 246,085.70	\$ 4,778.71	\$ 241,306.99
			12/03/08	2,541.31				
			06/03/09	2,604.84				
			12/03/09	2,669.96				
			06/03/10	2,736.71				
			12/03/10	2,805.13				
			06/03/11	2,875.26				
			12/03/11	2,947.14				
			06/03/12	3,020.82				
			12/03/12	3,096.34				
			06/03/13	3,173.75				
			12/03/13	3,253.09				
			06/03/14	3,334.42				
			12/03/14	3,417.78				
			06/03/15	3,503.22				
			12/03/15	3,590.80				
			06/03/16	3,680.57				
			12/03/16	3,772.59				
			06/03/17	3,866.90				
			12/03/17	3,963.57				
06/03/18	4,062.66							
12/03/18	4,164.23							
06/03/19	4,268.34							
12/03/19	4,375.04							
06/03/20	4,484.42							
12/03/20	4,596.53							

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2006</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2007</u>
			<u>December 31, 2006 Date</u>	<u>Amount</u>				
			06/03/21	\$ 4,711.44				
			12/03/21	4,829.23				
			06/03/22	4,949.96				
			12/03/22	5,073.71				
			06/03/23	5,200.55				
			12/03/23	5,330.57				
			06/03/24	5,463.83				
			12/03/24	5,600.43				
			06/03/25	5,740.44				
			12/03/25	5,883.95				
			06/03/26	6,031.05				
			12/03/26	6,181.82				
			06/03/27	6,336.37				
			12/03/27	6,494.78				
			06/03/28	6,657.15				
			12/03/28	6,823.58				
			06/03/29	6,994.17				
			12/03/29	7,169.02				
			06/03/30	7,348.28				
			12/03/30	7,531.95				
			06/03/31	7,720.25				
			12/03/31	7,913.26				
			06/03/32	8,111.09				
			12/03/32	8,195.36				
						\$ <u>246,085.70</u>	\$ <u>4,778.71</u>	\$ <u>241,306.99</u>
					Ref.	D	D	D

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2007		Interest Rate	Balance Dec. 31, 2006	Decreased	Balance Dec. 31, 2007
			Date	Amount				
Sanitary Sewer System Improvements	10/29/04	\$ 576,000	06/03/08	\$ 3,009.06	4.500%	\$ 565,107.18	\$ 5,820.94	\$ 559,286.24
			12/03/08	3,076.76				
			06/03/09	3,145.99				
			12/03/09	3,216.78				
			06/03/10	3,289.15				
			12/03/10	3,363.16				
			06/03/11	3,438.83				
			12/03/11	3,516.20				
			06/03/12	3,595.32				
			12/03/12	3,676.21				
			06/03/13	3,758.93				
			12/03/13	3,843.50				
			06/03/14	3,929.98				
			12/03/14	4,018.41				
			06/03/15	4,108.82				
			12/03/15	4,201.27				
			06/03/16	4,295.80				
			12/03/16	4,392.45				
			06/03/17	4,491.28				
			12/03/17	4,592.34				
			06/03/18	4,695.66				
12/03/18	4,801.32							
06/03/19	4,909.35							
12/03/19	5,019.81							
06/03/20	5,132.75							
12/03/20	5,248.24							
06/03/21	5,366.33							
12/03/21	5,487.07							

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2007		Interest Rate	Balance Dec. 31, 2006	Decreased	Balance Dec. 31, 2007
			Date	Amount				
			06/03/22	\$ 5,610.53				
			12/03/22	5,736.76				
			06/03/23	5,865.84				
			12/03/23	5,997.82				
			06/03/24	6,132.77				
			12/03/24	6,270.76				
			06/03/25	6,411.85				
			12/03/25	6,556.12				
			06/03/26	6,703.63				
			12/03/26	6,854.46				
			06/03/27	7,008.69				
			12/03/27	7,166.38				
			06/03/28	7,327.63				
			12/03/28	7,492.50				
			06/03/29	7,661.08				
			12/03/29	7,833.46				
			06/03/30	8,009.71				
			12/03/30	8,189.93				
			06/03/31	8,374.20				
			12/03/31	8,562.62				
			06/03/32	8,755.28				
			12/03/32	8,952.27				
			06/03/33	9,153.70				
			12/03/33	9,359.66				
			06/03/34	9,570.25				
			12/03/34	9,785.58				
			06/03/35	10,005.75				
			12/03/35	10,230.88				
			06/03/36	10,461.08				
			12/03/36	10,696.45				
			06/03/37	10,937.12				
			12/03/37	11,183.21				

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2007		Interest Rate	Balance Dec. 31, 2006	Decreased	Balance Dec. 31, 2007
			Date	Amount				
			06/03/38	\$ 11,434.83				
			12/03/38	11,692.11				
			06/03/39	11,955.19				
			12/03/39	12,224.18				
			06/03/40	12,499.22				
			12/03/40	12,780.46				
			06/03/41	13,068.02				
			12/03/41	13,362.05				
			06/03/42	13,662.69				
			12/03/42	13,970.10				
			06/03/43	14,284.43				
			12/03/43	14,605.83				
			06/03/44	14,934.46				
			12/03/44	14,333.93				
						\$ 565,107.18	\$ 5,820.94	\$ 559,286.24
					Ref.	D		D

BOROUGH OF WEST CAPE MAY
WATER & 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, 2006	Increased	Decreased	Balance Dec. 31, 2007
356-05	USDA Phase II Sewer & Water Mains	10/05/06	10/05/06	10/05/07	4.250%	\$ 1,000,000.00	\$	\$ 1,000,000.00	\$ -
356-05	USDA Phase II Sewer & Water Mains	10/05/06	10/03/07	10/03/08	4.000%	-	950,000.00		950,000.00
314-02	Sewer Main Replacement - 2002	10/03/07	10/03/07	10/03/08	4.000%	-	500,000.00		500,000.00
						<u>\$ 1,000,000.00</u>	<u>\$ 1,450,000.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 1,450,000.00</u>
					Ref.	D		D-4	D

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2006</u>	<u>2007 Authorizations</u>	<u>Bond, Notes or Grants Issued</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2007</u>
171-91	Various Improvements	\$ 800.00	\$	\$	\$	\$ 800.00
243-96	Sanitary Sewer System	28,500.00				28,500.00
314-02	Sewer Main Replacement - 2002	500,000.00		500,000.00		-
330-03	Sewer Main Replacement - 2003	151,252.00				151,252.00
356-05	USDA Phase II Sewer & Water	9,000.00				9,000.00
		<u>\$ 689,552.00</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>	<u>\$ -</u>	<u>\$ 189,552.00</u>
Ref.		D				D

BOROUGH OF WEST CAPE MAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – STATUTORY BASIS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements – statutory basis of the Borough of West Cape May, State of New Jersey, as of and for the year ended December 31, 2007, and have issued our report thereon dated May 30, 2008. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of West Cape May prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of West Cape May’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of West Cape May’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of West Cape May’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division, such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of West Cape May's financial statements are free of 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division which are described in the accompanying schedule of findings and responses as item #2007-1.

We noted certain matters that we reported to the Borough of West Cape May's management in a separate letter dated May 30, 2008.

This report is intended solely for the information and use of management, the Borough of West Cape May's Commissioners, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 30, 2008

BOROUGH OF WEST CAPE MAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2007

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting” dated May 30, 2008.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiencies identified that are not considered to be a Material Weakness? **None Reported**

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

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

In accordance with Government Auditing Standards, our audit disclosed one finding relating to the financial statements – statutory basis that are required to be reported. This finding is listed on the Findings and Recommendation on Page 84. We have also issued a Management Letter.

MANAGEMENT RESPONSES

There has been improvement in the depositing of funds in accordance with N.J.S.A. 40A:5-15. In 2008 the Borough will continue to focus on the procedures in place and improvements in compliance with deposit requirements.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable

BOROUGH OF WEST CAPE MAY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005, the bid threshold was \$21,000.

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

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

The minutes indicate that bids were sought by public advertising for the following item:

2007 Utility Diesel Tractor

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Borough Commissioners of the Borough of West Cape May, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of West Cape May, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Borough Commissioners of the Borough of West Cape May, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the year 2007.

This Resolution shall take effect January 1, 2007.

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

BOROUGH OF WEST CAPE MAY

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2007	8
2006	7
2005	5

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2006 and 2007 Taxes	25
Delinquent Taxes	10
Payment of Water and Sewer Rents	25
Delinquent Water and Sewer Rents	10
Total	<u>70</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 revealed that deposits were not always made within 48 hours.

BOROUGH OF WEST CAPE MAY

FINDINGS AND RECOMMENDATIONS

Finding #2007 - 1:

Our audit of receipts noted several instances when monies were not deposited timely.

Criteria:

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

- c. 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
- d. be deposited to the credit of the local unit in its designated legal depository.”

Condition:

Although receipts were turned over within 48 hours, deposits were not consistently made within 48 hours as required by N.J.S.A. 40A:5-15.

Cause:

Inconsistent pick up by the courier caused the violation.

Effect:

The Borough was not in compliance with N.J.S.A. 40A:5-15.

Recommendation:

All monies collected be deposited within 48 hours after receipt in accordance with N.J.S.A. 40A:5-15.

In accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by Borough Council in response to my recommendations.

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

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

Leon P. Costello
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Registered Municipal Accountant
No. 393

May 30, 2008