

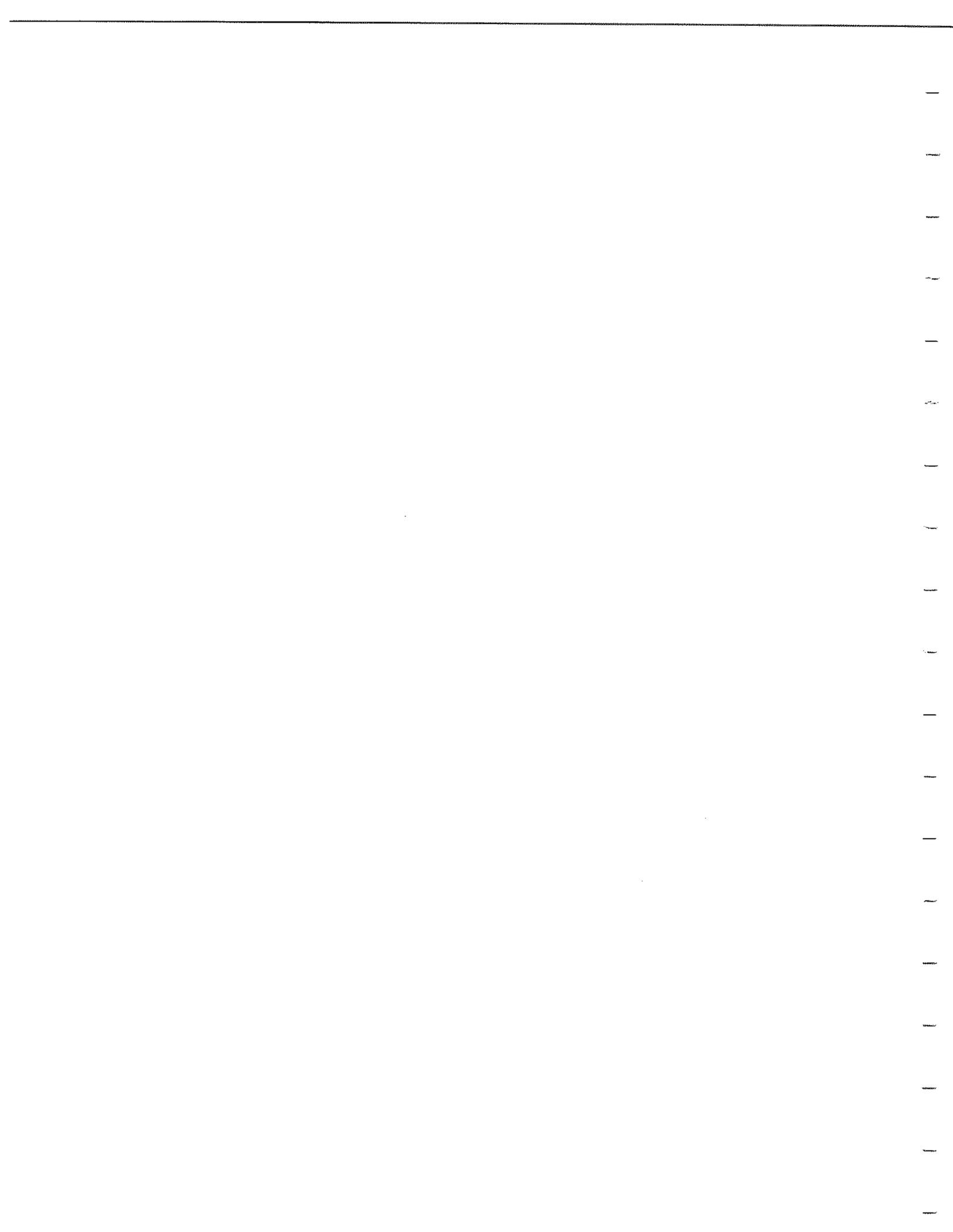
Clerk
Received
JUL - 1 2015
Clerk's Office

BOROUGH OF WEST CAPE MAY

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2014



BOROUGH OF WEST CAPE MAY
TABLE OF CONTENTS

Exhibit

Page No.

PART I

Independent Auditor's Report 1-3

CURRENT FUND

A	Comparative Balance Sheet - Regulatory Basis	4-5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6-7
A - 2	Statement of Revenues - Regulatory Basis	8-10
A - 3	Statement of Expenditures - Regulatory Basis	11-16

TRUST FUND

B Comparative Balance Sheet - Regulatory Basis 17-18

GENERAL CAPITAL FUND

C	Comparative Balance Sheet - Regulatory Basis	19
C - 1	Statement of Fund Balance - Regulatory Basis	20

WATER & SEWER UTILITY FUND

D	Comparative Balance Sheet - Regulatory Basis	21-22
D - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	23
D - 2	Statement of Capital Fund Balance - Regulatory Basis	24
D - 3	Statement of Revenues - Regulatory Basis	25
D - 4	Statement of Expenditures - Regulatory Basis	26

GENERAL FIXED ASSETS ACCOUNT GROUP

E Comparative Balance Sheet - Regulatory Basis 27

NOTES TO FINANCIAL STATEMENTS - Regulatory BASIS 28-44

SUPPLEMENTAL INFORMATION

Independent Auditors Report - Governmental Auditing Standards	45-46
Audit Findings and Responses	47-49
Status of Prior Year Recommendations	50

BOROUGH OF WEST CAPE MAY
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
<u>CURRENT FUND</u>		
A - 4	Schedule of Cash - Treasurer	51
A - 5	Schedule of Current Cash - Collector	52
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	53
A - 7	Schedule of Tax Title Liens	54
A - 8	Schedule of Revenue Accounts Receivable	55
A - 9	Schedule of Appropriation Reserves - Prior Year	56-59
A - 10a	Schedule of Local District School Tax	60
A - 10b	Schedule of Regional District School Tax	61
A - 11	Schedule of Federal and State Grants Receivable	62
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	63
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	64
<u>TRUST FUND</u>		
B - 1	Schedule of Animal Control Cash - Treasurer	65
B - 2	Schedule of Other Trust Cash - Treasurer	66
B - 3	Schedule of Reserve for Animal Control Expenditures	67
B - 4	Schedule of Amount Due to the State of New Jersey	67
GENERAL CAPITAL FUND		
C - 2	Schedule of Cash - Treasurer	68
C - 3	Analysis of Cash	69
C - 4	Schedule of Capital Improvement Fund	70
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	N/A
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	71
C - 7	Schedule of Improvement Authorizations	72
C - 8	Schedule of General Serial Bonds	N/A
C - 9	Schedule of Bond Anticipation Notes	73
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	74
<u>WATER & SEWER UTILITY FUND</u>		
D - 5	Schedule of Cash - Treasurer	75
D - 6	Analysis of Cash	76
D - 7	Schedule of Utility Liens	N/A
D - 8	Schedule of Consumer Accounts Receivable	77
D - 9	Schedule of Utility Capital Improvement Fund	N/A
D - 10	Schedule of Appropriation Reserves - Prior Year	78
D - 11	Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	79
D - 12	Schedule of Improvement Authorizations	80
D - 13	Schedule of Loans Payable	81
D - 14	Schedule of Bond Anticipation Notes	82
D - 15	Schedule of Bonds and Notes Authorized But Not Issued	83
<u>PART II</u>		
	General Comments	84-87

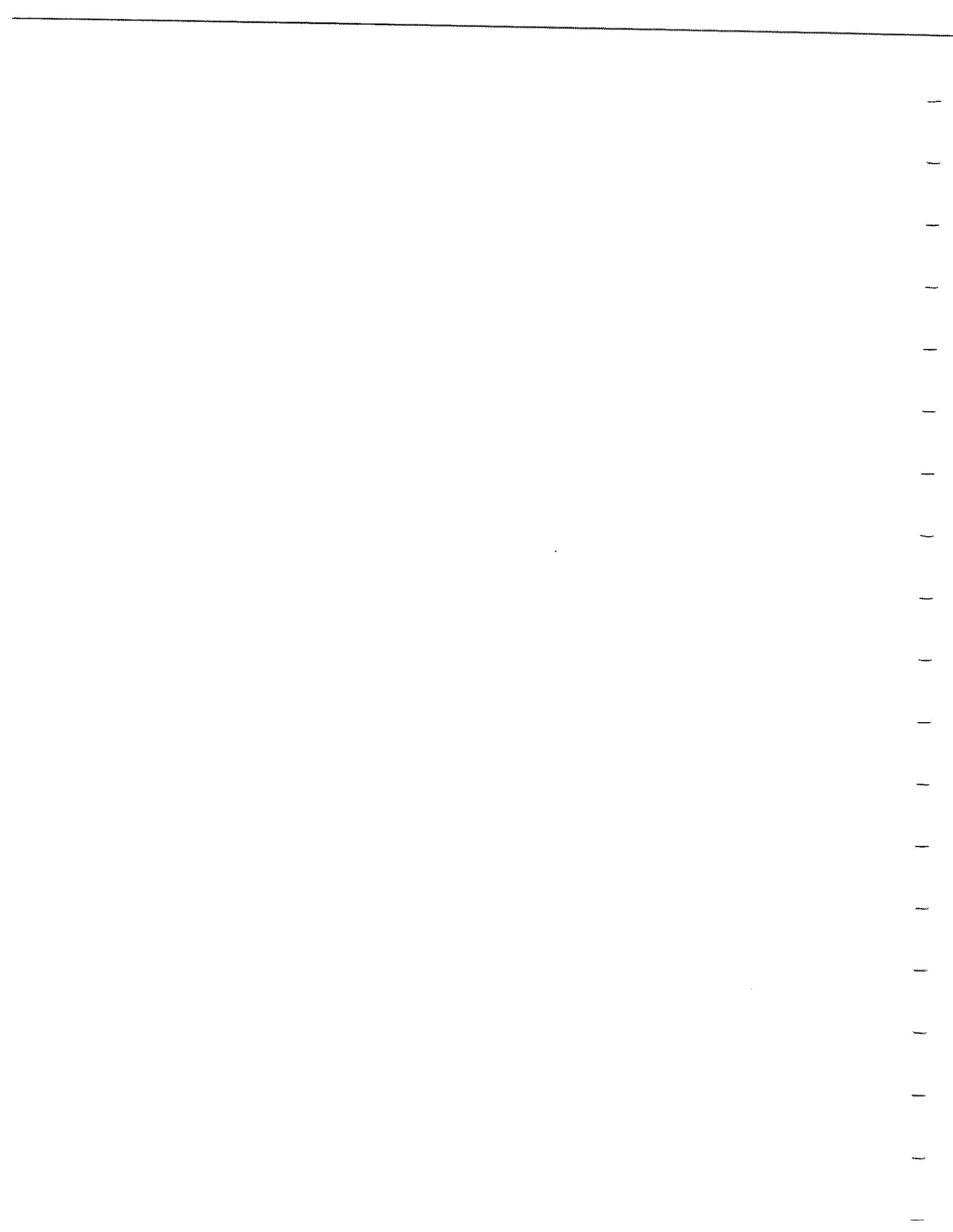
BOROUGH OF WEST CAPE MAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2014





FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of Borough's Commission
Borough of West Cape May
County of Cape May, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of West Cape May, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of West Cape May on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of West Cape May as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of West Cape May's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2015 on our consideration of the Borough of West Cape May's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of West Cape May's internal control over financial reporting and compliance.

Very truly yours,

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

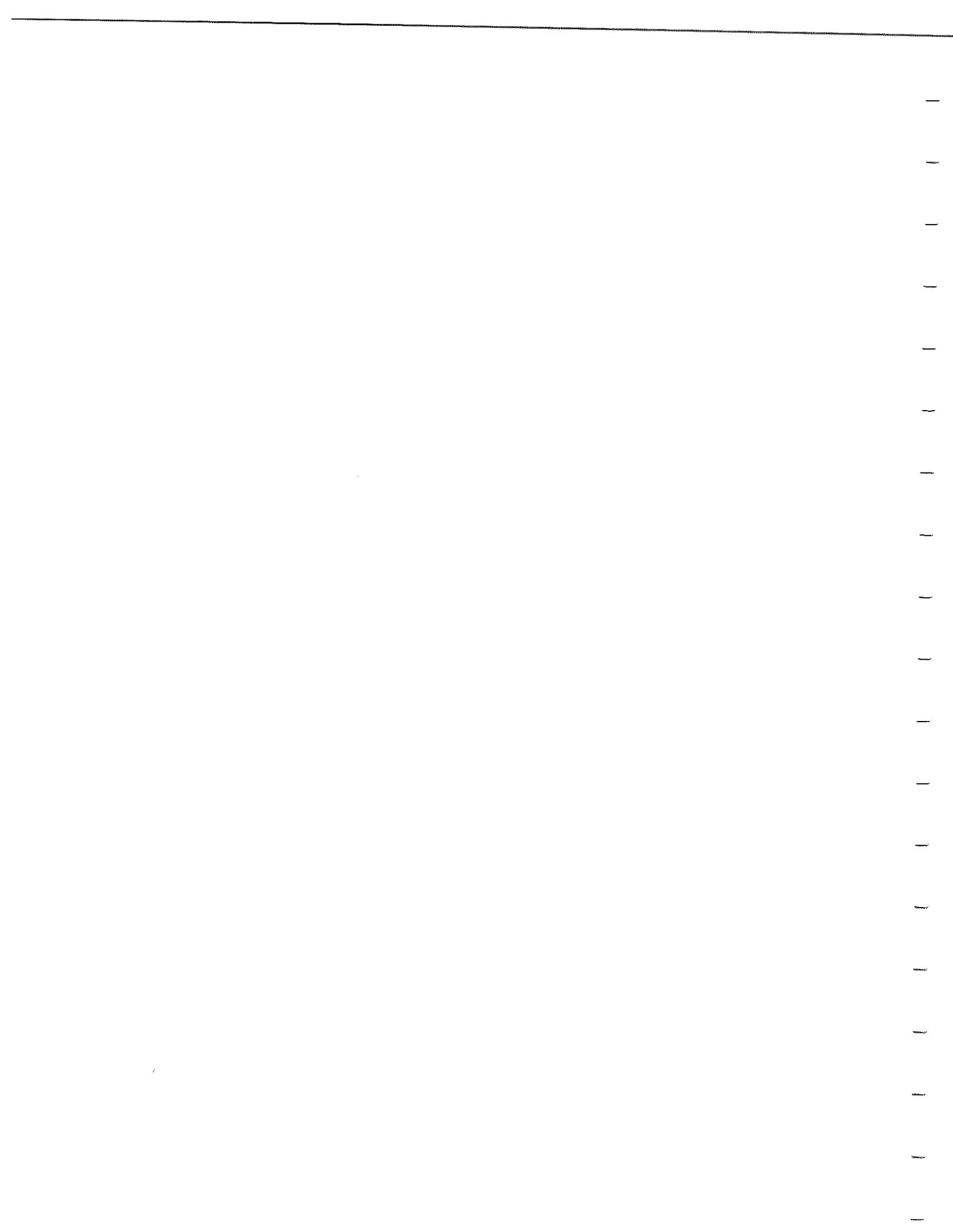
Leon P. Costello

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

June 30, 2015

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - A
CURRENT FUND**



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

	2014	2013
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 555,446.05	621,971.56
Cash - Collector	946,875.03	661,660.43
Cash - Change	100.00	150.00
Total Cash	1,502,421.08	1,283,781.99
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	1,138.95	138.95
Total Other Receivables	1,138.95	138.95
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	111,971.73	113,081.75
Tax Title and Other Liens	149,230.99	139,693.41
Property Acquired for Taxes - at Assessed Valuation	230,782.00	230,782.00
Revenue Accounts Receivable	1,791.57	1,022.46
Interfund Receivable:		
Grant Fund	-	41,455.65
Due from Dog Fund	2,599.01	1,876.81
Total Receivables and Other Assets	496,375.30	527,912.08
Deferred Charges:		
Special Emergency Appropriation	2,000.00	4,000.00
Overexpenditure of Appropriations	2,913.83	-
Total Deferred Charges	4,913.83	4,000.00
Total Regular Fund	2,004,849.16	1,815,833.02
Federal and State Grant Fund:		
Due from Current Fund	56,639.30	-
Federal and State Grants Receivable	178,692.17	146,543.24
Total Federal and State Grant Fund	235,331.47	146,543.24
Total Current Fund	\$ 2,240,180.63	1,962,376.26

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 104,795.97	209,671.34
Reserve for Encumbrances/Accounts Payable	34,174.33	27,142.52
Payroll Taxes Payable	-	23,865.14
Prepaid Taxes	52,981.99	78,940.78
Overpaid Taxes	21,575.97	4,030.39
Local School Tax Payable	0.02	7,211.48
County Added Tax Payable	4,006.63	4,992.86
Due to State:		
Marriage Licenses	25.00	-
Interfund Payable:		
Escrow Trust	8,351.25	3,232.00
POAA Trust	327.00	281.00
Grant Fund	56,639.30	-
General Capital	136,242.45	97,519.67
Unemployment Trust	534.73	534.73
Utility Operating	147,073.84	165,320.61
Other		
Reserve for Tax Map	4.78	4.78
Reserve for Storm Sewer Emergency	8,176.00	8,176.00
Reserve for Tax Sale Premiums	17,000.00	17,000.00
	591,909.26	647,923.30
Reserve for Receivables and Other Assets	496,375.30	527,912.08
Fund Balance	916,564.60	639,997.64
Total Regular Fund	2,004,849.16	1,815,833.02
Federal and State Grant Fund:		
Unappropriated Reserves	19,845.29	19,346.17
Appropriated Reserves	213,615.08	83,917.32
Encumbrances Payable	47.00	-
Due to Current Fund	-	41,455.65
Due to HUD	1,824.10	1,824.10
Total Federal and State Grant Fund	235,331.47	146,543.24
Total Current Fund	\$ 2,240,180.63	1,962,376.26

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

	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized		
Fund Balance	\$ 300,000.00	224,000.00
Miscellaneous Revenue Anticipated	433,999.84	261,900.62
Receipts from Delinquent Taxes	119,961.39	161,969.45
Receipts from Current Taxes	5,081,453.69	4,696,397.32
Non Budget Revenue	52,607.88	56,022.25
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	159,607.23	260,542.61
Interfund Returned	41,294.13	64,603.40
Total Income	<u>6,188,924.16</u>	<u>5,725,435.65</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	420,306.78	398,800.00
Other Expenses	866,028.00	850,213.00
Deferred Charges & Statutory Expenditures	80,714.05	80,296.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	633,498.09	446,216.87
Capital Improvements	10,000.00	5,500.00
Debt Service	92,700.00	97,268.75
Deferred Charges	2,000.00	2,000.00
Local District School Tax	873,203.00	873,041.00
Regional District School Tax	1,516,927.50	1,464,283.20
County Tax	1,095,886.98	1,110,918.67
County Share of Added Tax	4,006.63	4,992.86
Other:		
Grant Balances Cancelled, Net	20,000.00	25,274.66
Total Expenditures	<u>5,615,271.03</u>	<u>5,358,805.01</u>
Excess in Revenue	<u>573,653.13</u>	<u>366,630.64</u>

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

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	2,913.83	-
Emergency Appropriation		
Total Adjustments	2,913.83	-
Statutory Excess to Fund Balance	576,566.96	366,630.64
Fund Balance January 1	639,997.64	497,367.00
Decreased by:	1,216,564.60	863,997.64
Utilization as Anticipated Revenue	300,000.00	224,000.00
Fund Balance December 31	\$ 916,564.60	639,997.64

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 300,000.00	-	300,000.00	-
Total Fund Balance Anticipated	300,000.00	-	300,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	25,000.00	-	33,886.00	8,886.00
Fines and Costs:				
Municipal Court	14,000.00	-	20,704.19	6,704.19
Interest and Costs on Taxes	33,000.00	-	24,212.40	(8,787.60)
Total Section A: Local Revenues	72,000.00	-	78,802.59	6,802.59
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	89,303.00	-	89,303.00	-
Total Section B: State Aid Without Offsetting Appropriations	89,303.00	-	89,303.00	-
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations :				
Recycling Tonnage Grant	1,362.87	-	1,362.87	-
Alcohol Education and Rehabilitation Fund	633.30	-	633.30	-
Clean Communities	-	4,533.32	4,533.32	-
Sustainable Jersey Small Grants Program	-	4,000.00	4,000.00	-
NJ Forest Service Community Forestry Program	-	3,000.00	3,000.00	-
New Jersey DOT - Municipal Grant	-	172,000.00	172,000.00	-
Total Section F: Special Items - Public and Private Programs	1,996.17	183,533.32	185,529.49	-

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Cape May City Lease	36,358.00	-	(993.24)
Liquor License Trust Surplus	45,000.00	-	-
Total Section G: Other Special Items	81,358.00	-	(993.24)
Total Miscellaneous Revenues:	244,657.17	183,533.32	5,809.35
Receipts from Delinquent Taxes	140,000.00	-	(20,038.61)
Amount to be Raised by Taxes for Support of Municipal Budget	1,492,279.75	-	151,819.48
Local Tax for Municipal Purposes	1,492,279.75	-	151,819.48
Total Amount to be Raised by Taxes for Support of Municipal Budget	2,176,936.92	183,533.32	137,590.22
Budget Totals	-	-	52,607.88
Non- Budget Revenues:	2,176,936.92	183,533.32	190,198.10
Other Non- Budget Revenues:	-	-	52,607.88

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 5,081,453.69

Less: Reserve for Tax Appeals Pending -

Net Revenue from Collections 5,081,453.69

Allocated to:

School, County and Other Taxes 3,695,491.61

Balance for Support of Municipal Budget Appropriations 1,385,962.08

Increased by:

Appropriation "Reserved for Uncollected Taxes" 258,137.15

Amount for Support of Municipal Budget Appropriations 1,644,099.23

Receipts from Delinquent Taxes:

Delinquent Tax Collection 113,081.75

Tax Title Lien Collections 6,879.64

Total Receipts from Delinquent Taxes 119,961.39

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Campground and Trailer Park Fees 10,740.00

Cape May County Election Reimbursements 3,300.00

Cape May County MUA Recycling Rebate 6,654.24

Comcast Franchise Fee 9,543.75

Copies 396.73

Interest on Investments 773.87

Liquor License 2,500.00

Miscellaneous 94.00

Planning Board Fees 305.00

Refunds 2,145.06

Senior & Vet Admin Fee 260.00

Solar Credits 2,056.23

Street Opening 4,135.00

Vital Statistics 144.00

Wedding Fees 3,800.00

Zoning Approvals 5,760.00

Total Miscellaneous Revenue Not Anticipated: 52,607.88

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY						
Director's Office						
Salaries and Wages	\$ 12,750.00	13,035.00	13,035.00	-	15.00	-
Other Expenses	2,000.00	1,700.00	426.97	-	1,273.03	-
Fire						
Other Expenses						
Miscellaneous Other Expenses	28,000.00	28,000.00	27,300.15	699.85	(0.00)	-
Aid to Vol Fire Company	46,000.00	46,000.00	30,263.83	10,676.70	5,059.47	-
Police						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Municipal Prosecutor						
Salaries and Wages	7,000.00	7,175.00	7,157.92	-	17.08	-
Emergency Management Services						
Salaries and Wages	2,300.00	2,300.00	2,097.87	-	202.13	-
Other Expenses	2,000.00	2,000.00	-	1,406.40	593.60	-
Fire Safety Division						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Board of Health						
Other Expenses	500.00	500.00	216.50	47.50	236.00	-
Dog Regulation						
Other Expenses	9,500.00	9,325.00	6,780.71	596.00	1,948.29	-
Municipal Court						
Salaries and Wages	77,500.00	77,500.00	78,334.09	-	-	(834.09)
Other Expenses	6,500.00	6,500.00	6,497.59	-	2.41	-
Public Defender						
Salaries and Wages	4,200.00	4,200.00	4,275.00	-	-	(75.00)
Celebration of Public Events, Anniversary, Holidays						
Other Expenses	1,500.00	360.00	-	-	360.00	-
Emergency Medical Services - Contractual	68,000.00	68,000.00	62,301.48	-	5,698.52	-
Public Employee Awards Program						
(N.J.S.A. 40A:9-18)(N.J.S.A. 40A:5-31)	200.00	200.00	-	-	200.00	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	17,400.00	17,800.00	17,788.13	-	11.87	-
Other Expenses	10,000.00	8,600.00	4,713.56	887.87	2,988.57	-
Financial Administration						
Salaries and Wages	36,300.00	31,400.00	31,359.60	-	40.40	-
Other Expenses						
Audit Services	23,000.00	23,000.00	22,800.00	-	200.00	-
Miscellaneous Other Expenses	8,000.00	6,200.00	3,776.02	621.75	1,802.23	-
Borough Clerk						
Salaries and Wages	68,200.00	69,700.00	69,510.30	-	189.70	-
Other Expenses	16,000.00	18,000.00	7,856.95	10,000.00	143.05	-
Elections						
Other Expenses	5,000.00	3,500.00	3,338.03	-	161.97	-
Assessment of Taxes						
Salaries and Wages	11,200.00	16,100.00	11,442.37	-	4,657.63	-
Other Expenses	1,000.00	1,000.00	791.37	-	208.63	-
Collection of Taxes						
Salaries and Wages	30,600.00	30,600.00	30,600.00	-	-	-
Other Expenses	2,000.00	2,000.00	1,796.50	-	203.50	-
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	200.00	200.00	-	-	200.00	-
Legal Services and Costs						
Other Expenses	100,000.00	100,000.00	86,851.71	4,141.35	9,006.94	-
Municipal Land Use Law (NJSA 40:55D-1)						
Planning & Zoning Board						
Salaries and Wages	7,650.00	7,650.00	7,743.60	-	-	(93.60)
Other Expenses	6,000.00	5,700.00	882.52	-	4,817.48	-
Code Enforcement Officer						
Salaries and Wages	9,000.00	10,800.00	11,485.35	-	-	(685.35)
Other Expenses	100.00	100.00	95.70	-	4.30	-
Zoning Officer						
Salaries and Wages	7,900.00	8,040.00	8,043.74	-	-	(3.74)
Other Expenses	700.00	700.00	700.00	-	-	-
Grant Coordinator						
Contractual	15,000.00	13,000.00	-	-	13,000.00	-
Insurance						
General Liability	26,265.00	26,265.00	26,223.25	-	41.75	-
Workers Compensation Insurance	59,548.00	59,548.00	59,154.99	-	393.01	-
Employee Group Health	126,880.00	126,880.00	119,803.62	-	7,076.38	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Historic Preservation	1,000.00	1,000.00	-	-	1,000.00	-
Other Expenses						
Construction Code Enforcement	10,500.00	10,500.00	2,273.98	-	8,226.02	-
Other Expenses						
DEPARTMENT OF PUBLIC WORKS, PARKS AND RECREATION						
Director's Office						
Salaries and Wages	12,750.00	13,050.00	13,044.48	-	5.52	-
Other Expenses	2,000.00	2,000.00	1,993.05	-	6.95	-
Public Buildings and Grounds						
Other Expenses	36,000.00	36,000.00	35,616.57	367.18	16.25	-
Road Repairs and Maintenance						
Salaries and Wages	74,500.00	74,500.00	74,500.00	-	-	-
Other Expenses	11,000.00	11,000.00	7,318.98	1,723.54	1,957.48	-
Engineering						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Recreation						
Other Expenses	300.00	300.00	285.00	-	15.00	-
Garbage and Trash Removal						
Other Expenses	115,000.00	113,750.00	108,371.78	-	5,378.22	-
Recycling						
Salaries and Wages	33,300.00	34,550.00	34,550.00	-	-	-
Other Expenses	9,500.00	9,500.00	5,573.97	2,500.25	1,425.78	-
Environmental Commission (NJS 40:56A-1, et seq.)						
Other Expenses	500.00	500.00	-	-	500.00	-
Shade Tree Commission						
Other Expenses	500.00	500.00	-	-	500.00	-
Parks and Playgrounds						
Other Expenses	500.00	500.00	104.60	-	395.40	-
UNCLASSIFIED						
Other Expenses	22,000.00	24,000.00	23,848.69	144.18	7.13	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	42,000.00	42,000.00	40,980.12	-	1,019.88	-
Street Lighting	25,000.00	25,000.00	20,717.99	-	4,282.01	-
Telephone	12,000.00	12,000.00	10,039.77	-	1,960.23	-
Fuel Oil & Gasoline	12,000.00	12,000.00	6,019.86	-	5,980.14	-
Postage	7,000.00	7,000.00	5,060.00	361.76	1,578.24	-
TOTAL OPERATIONS WITHIN "CAPS"	1,284,643.00	1,284,643.00	1,155,743.26	34,174.33	96,417.19	(1,691.78)
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,284,643.00	1,284,643.00	1,155,743.26	34,174.33	96,417.19	(1,691.78)
Detail:						
Salaries and Wages	412,750.00	418,615.00	414,967.45	-	5,339.33	(1,691.78)
Other Expenses	871,893.00	866,028.00	740,775.81	34,174.33	91,077.86	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	42,992.00	42,992.00	38,610.00	-	4,382.00	-
Social Security System (O.A.S.I.)	31,000.00	31,000.00	32,222.05	-	-	(1,222.05)
Unemployment Compensation Insurance	3,000.00	3,000.00	2,333.57	-	666.43	-
Defined Contribution Retirement Program	2,500.00	2,500.00	1,169.65	-	1,330.35	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	79,492.00	79,492.00	74,335.27	-	6,378.78	(1,222.05)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,364,135.00	1,364,135.00	1,230,078.53	34,174.33	102,795.97	(2,913.83)

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance: NJSA 40A:4-45.3						
Employee Group Health	1,120.00	1,120.00	1,120.00	-	-	-
Interlocal Municipal Service Agreements						
Cape May City Interlocal Services Agreements	444,848.60	444,848.60	444,848.60	-	-	-
Police Protection Contractual	445,968.60	445,968.60	445,968.60	-	-	-
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	1,362.87	1,362.87	1,362.87	-	-	-
Alcohol Education and Rehabilitation Fund	633.30	633.30	633.30	-	-	-
Matching Funds for Grants	2,000.00	2,000.00	-	-	2,000.00	-
Clean Communities	-	4,533.32	4,533.32	-	-	-
Sustainable Jersey Small Grants Program	-	4,000.00	4,000.00	-	-	-
NJ Forest Service Community Forestry Program	-	3,000.00	3,000.00	-	-	-
New Jersey DOT Municipal Grant	-	172,000.00	172,000.00	-	-	-
Total Public and Private Programs Off-Set by Revenues	3,996.17	187,529.49	185,529.49	-	2,000.00	-
Total Operations - Excluded from "CAPS"	449,964.77	633,498.09	631,498.09	-	2,000.00	-
Detail:						
Salaries and Wages						
Other Expenses	449,964.77	633,498.09	631,498.09	-	2,000.00	-
(C) Capital Improvements						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	-	-
Total Capital Improvements	10,000.00	10,000.00	10,000.00	-	-	-
(D) Debt Service						
Payment of Bond Anticipation Notes	90,000.00	90,000.00	90,000.00	-	-	-
Interest on Notes	2,700.00	2,700.00	2,700.00	-	-	-
Total Debt Service	92,700.00	92,700.00	92,700.00	-	-	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

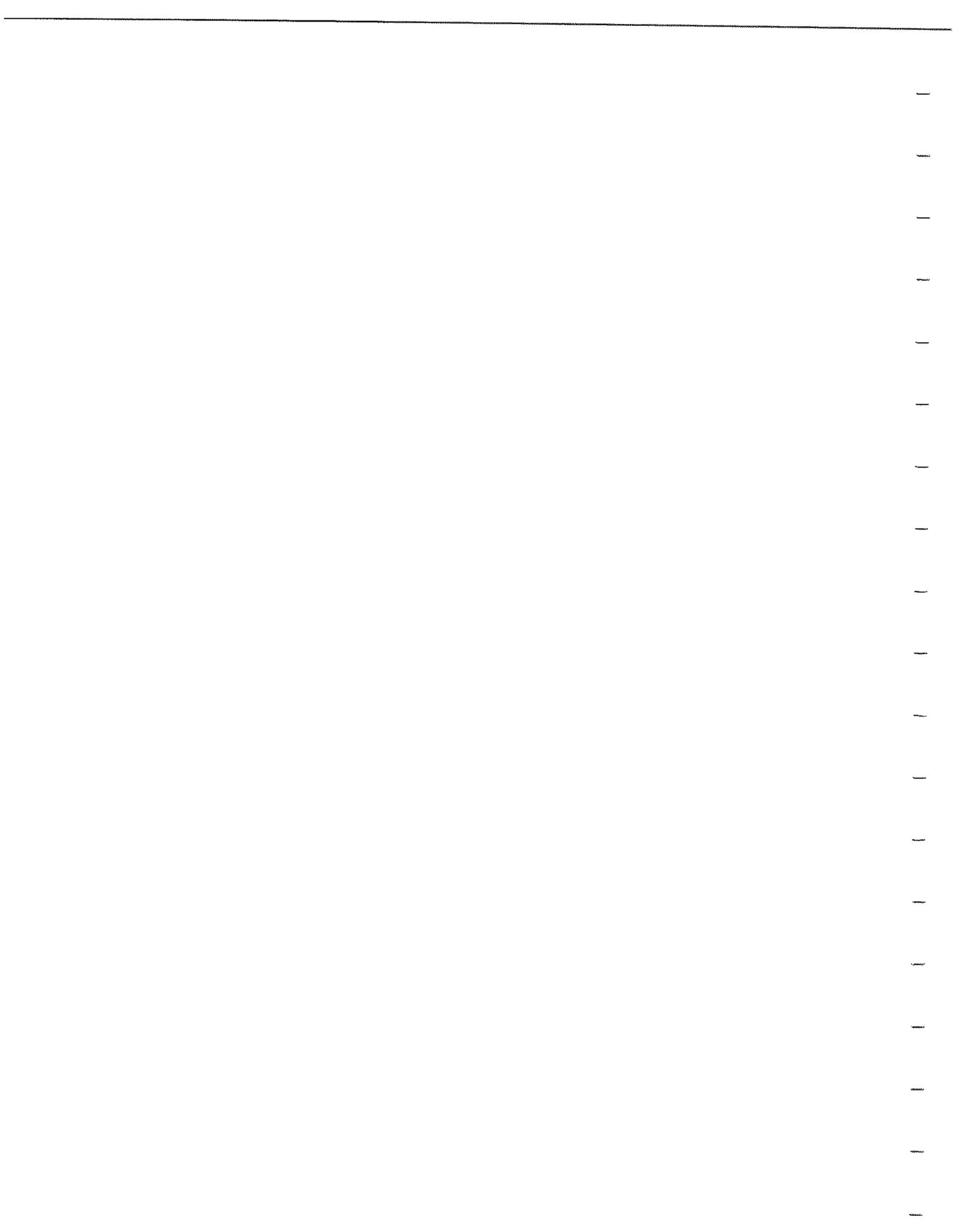
**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	2,000.00	2,000.00	2,000.00	-	-	-
Total Deferred Charges	<u>2,000.00</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	554,664.77	738,198.09	736,198.09	-	2,000.00	-
SUBTOTAL GENERAL APPROPRIATIONS	<u>1,918,799.77</u>	<u>2,102,333.09</u>	<u>1,966,276.62</u>	<u>34,174.33</u>	<u>104,795.97</u>	<u>(2,913.83)</u>
(M) Reserve for Uncollected Taxes	258,137.15	258,137.15	258,137.15	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,176,936.92</u>	<u>2,360,470.24</u>	<u>2,224,413.77</u>	<u>34,174.33</u>	<u>104,795.97</u>	<u>(2,913.83)</u>
Budget Appropriations by 40A:4-87 Emergency Appropriations		2,176,936.92				
		183,533.32				
		<u>-</u>				
		<u>2,360,470.24</u>				
Reserve for Uncollected Taxes Federal and State Grants Deferred Charges			258,137.15			
			185,528.49			
			<u>2,000.00</u>			
Disbursements			1,778,747.13			
			<u>2,224,413.77</u>			
				Cancelled Overexpended		
						(2,913.83)
						<u>(2,913.83)</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - B
TRUST FUND**



**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2014	2013
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 3,950.81	3,332.81
	3,950.81	3,332.81
<u>Other Funds</u>		
Cash and Investments	1,055,462.50	1,069,309.02
Due from COAH :		
Other Trust	25,673.13	-
Due from Current Fund:		
Unemployment Compensation	534.73	534.73
Other Trust Accounts	8,351.25	3,232.00
POAA Trust	327.00	281.00
Engineering Escrow	-	16,803.80
	1,090,348.61	1,090,160.55
	\$ 1,094,299.42	1,093,493.36

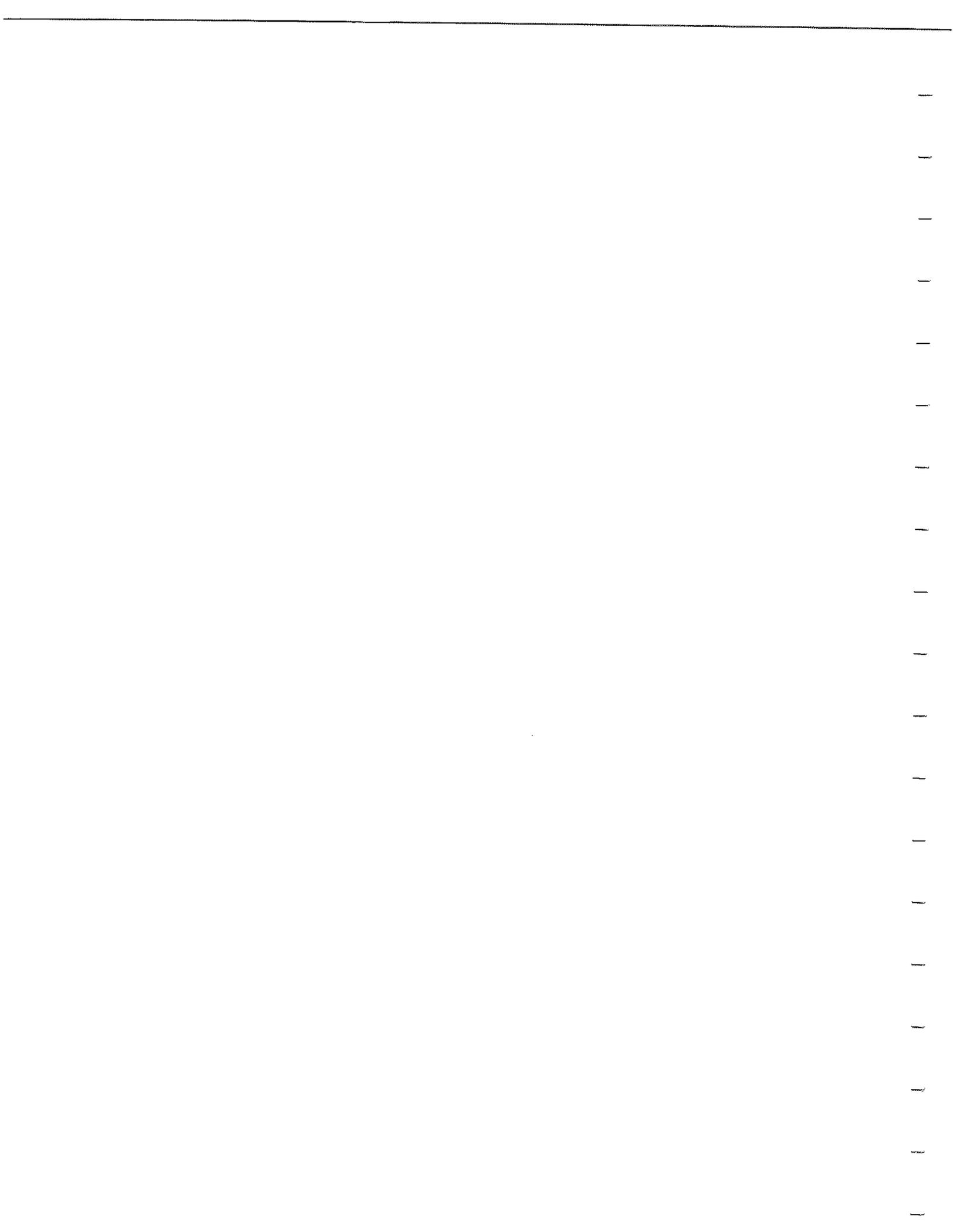
The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

<u>Liabilities, Reserves and Fund Balance</u>	<u>2014</u>	<u>2013</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 1,351.80	1,455.60
Due to State of New Jersey	-	0.40
Due to Current Fund	<u>2,599.01</u>	<u>1,876.81</u>
	<u>3,950.81</u>	<u>3,332.81</u>
<u>Other Funds</u>		
Due to Current Fund - Engineering Escrow	-	16,803.80
Due to General Capital	40,000.00	40,000.00
COAH Due to Other Trust	25,673.13	-
Reserve for Unemployment Compensation	534.73	534.73
Reserve for Site Plan Escrow	69,490.15	56,794.61
Reserve for TTL Redemption	123,114.00	143,661.79
Reserve for POAA Trust	327.00	281.00
Reserve for COAH	191,583.55	157,415.53
Reserve for Public Assistance	6,062.27	6,062.27
Reserve for Liquor License	525,833.54	570,608.14
Reserve for Other Trust Accounts	<u>107,730.24</u>	<u>97,998.68</u>
	<u>1,090,348.61</u>	<u>1,090,160.55</u>
	<u>\$ 1,094,299.42</u>	<u>1,093,493.36</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

EXHIBIT - C
GENERAL CAPITAL FUND



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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 660,931.03	147,958.09
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	756,952.00	846,952.00
Interfund and Receivables		
Due from Trust Other - COAH	40,000.00	40,000.00
Due from Current Fund	190,424.70	97,519.67
	<u>1,648,307.73</u>	<u>1,132,429.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	528,862.00	-
Interfund:		
Due to Current Fund	54,182.25	-
Bond Anticipation Notes Payable	730,000.00	270,000.00
Improvement Authorizations:		
Funded	61,751.81	105,110.09
Unfunded	65,368.00	652,201.00
Reserve for Capital Projects	535.28	535.28
Reserve to Pay Notes	190,756.00	97,731.00
Capital Improvement Fund	16,650.00	6,650.00
Fund Balance	202.39	202.39
	<u>\$ 1,648,307.73</u>	<u>1,132,429.76</u>

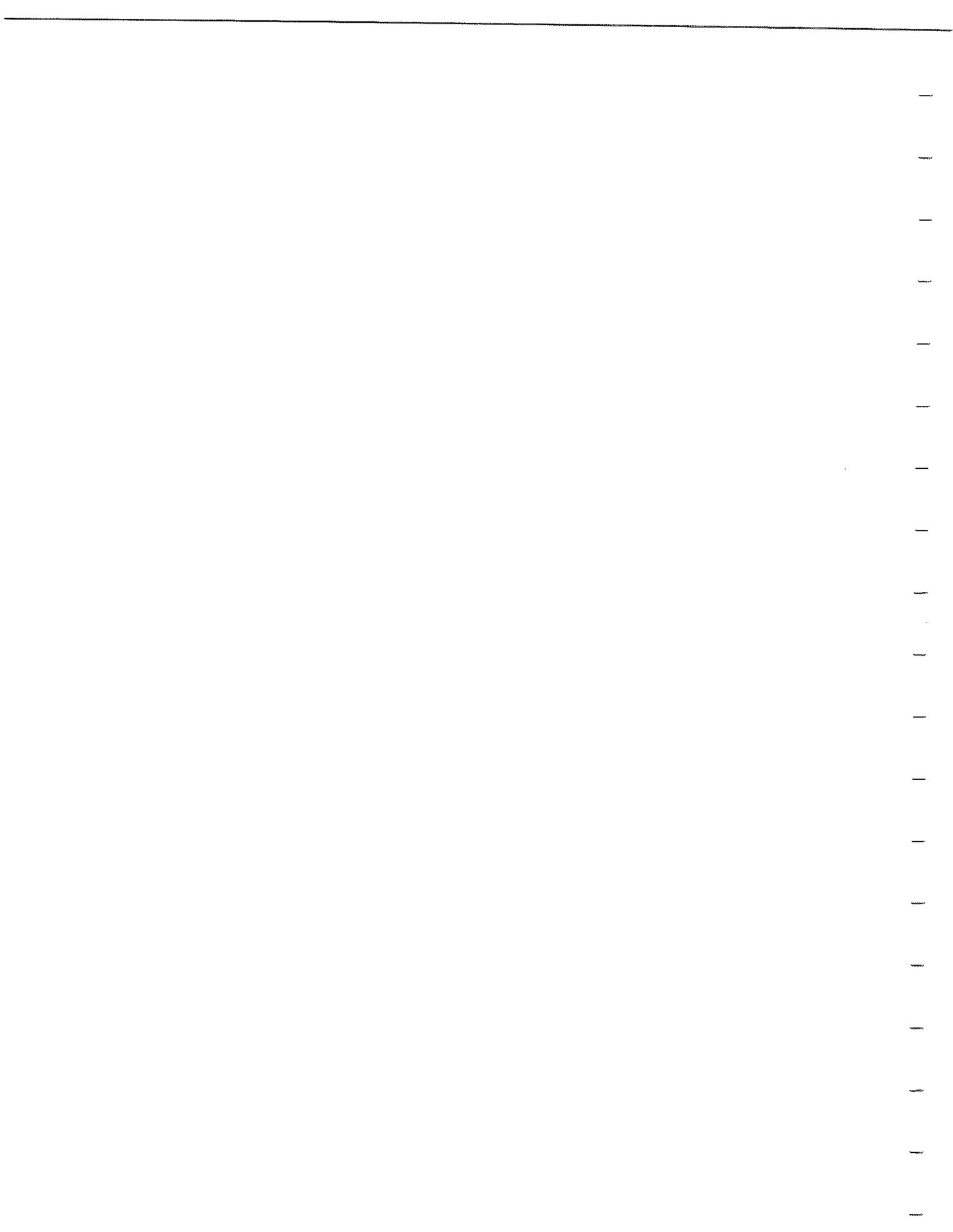
There were bonds and notes authorized but not issued at December 31

2013	576,952.00
2014	26,952.00

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

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 202.39	202.39
Ending Balance December 31	\$ <u>202.39</u>	<u>202.39</u>

EXHIBIT - D
WATER & SEWER UTILITY FUND



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

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,662,354.17	2,198,993.31
Due from Current	147,073.84	165,320.61
	<u>1,809,428.01</u>	<u>2,364,313.92</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	36,644.03	36,323.20
	<u>36,644.03</u>	<u>36,323.20</u>
Deferred Charges:		
Overexpenditures of Appropriations	110.79	-
	<u>110.79</u>	<u>-</u>
Total Operating Fund	<u>1,846,182.83</u>	<u>2,400,637.12</u>
Capital Fund:		
USDA Grant Receivable	330,548.00	330,548.00
Fixed Capital - Completed	5,012,475.00	5,012,475.00
Fixed Capital - Authorized and Uncompleted	3,233,000.00	3,233,000.00
Due from Water & Sewer Operating Fund	1,331,244.13	1,824,962.30
Total Capital Fund	<u>9,907,267.13</u>	<u>10,400,985.30</u>
	<u>\$ 11,753,449.96</u>	<u>12,801,622.42</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Operating Fund:		
Appropriation Reserves	\$ 88,242.22	93,744.68
Reserve for Encumbrances	2,591.00	111,411.36
Accounts Payable	35,210.20	-
Due to Water & Sewer Capital Fund	1,331,244.13	1,824,962.30
Utility Overpayments	2,699.64	4,445.14
Utility Prepayments	12,467.47	-
Accrued Interest on Bonds and Notes	25,953.38	29,232.80
	<u>1,498,408.04</u>	<u>2,063,796.28</u>
Reserve for Receivables	36,644.03	36,323.20
Fund Balance	311,130.76	300,517.64
Total Operating Fund	<u>1,846,182.83</u>	<u>2,400,637.12</u>
Capital Fund:		
Encumbrance Payable	47,073.06	39,645.06
Bond Anticipation Notes Payable	2,770,000.00	2,880,000.00
USDA Bonds/Loans Payable	1,553,155.84	1,582,313.21
Improvement Authorizations:		
Unfunded	1,372,440.07	1,873,586.24
Reserve for Amortization	3,907,519.16	3,768,361.79
Deferred Reserve for Amortization	9,000.00	9,000.00
Capital Improvement Fund	110,000.00	110,000.00
Reserve for Debt Service	137,854.00	137,854.00
Fund Balance	225.00	225.00
Total Capital Fund	<u>9,907,267.13</u>	<u>10,400,985.30</u>
	<u>\$ 11,753,449.96</u>	<u>12,801,622.42</u>

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

2013	5,800.00
2014	5,800.00

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

	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized		
Fund Balance	\$ 35,500.00	61,191.53
Water Rents	475,007.83	482,471.51
Sewer Rents	448,316.28	446,338.98
Miscellaneous Revenue Anticipated	9,609.61	22,187.09
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	15,793.98	82,126.09
Cancellation Prior Year Accounts Payable	-	3,989.20
Total Income	<u>984,227.70</u>	<u>1,098,304.40</u>
Expenditures		
Operations	699,500.00	695,000.00
Debt Service	231,114.58	220,398.54
Statutory Expenses	7,610.79	32,691.53
Total Expenditures	<u>938,225.37</u>	<u>948,090.07</u>
Excess in Revenue	<u>46,002.33</u>	<u>150,214.33</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	110.79	-
Total Adjustments	<u>110.79</u>	<u>-</u>
Excess in Operations	<u>46,113.12</u>	<u>150,214.33</u>
Fund Balance January 1	<u>300,517.64</u>	<u>211,494.84</u>
Decreased by:	346,630.76	361,709.17
Utilization as Anticipated Revenue	<u>35,500.00</u>	<u>61,191.53</u>
Fund Balance December 31	<u>\$ 311,130.76</u>	<u>300,517.64</u>

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

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 225.00	225.00
Ending Balance December 31	<u>\$ 225.00</u>	<u>225.00</u>

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 35,500.00	35,500.00	-
Water Rents	470,000.00	475,007.83	5,007.83
Sewer Rents	430,000.00	448,316.28	18,316.28
Miscellaneous	10,000.00	9,609.61	(390.39)
	<u>\$ 945,500.00</u>	<u>968,433.72</u>	<u>22,933.72</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:
Current Collections

923,324.11

923,324.11

Miscellaneous Revenue

Miscellaneous

9,609.61

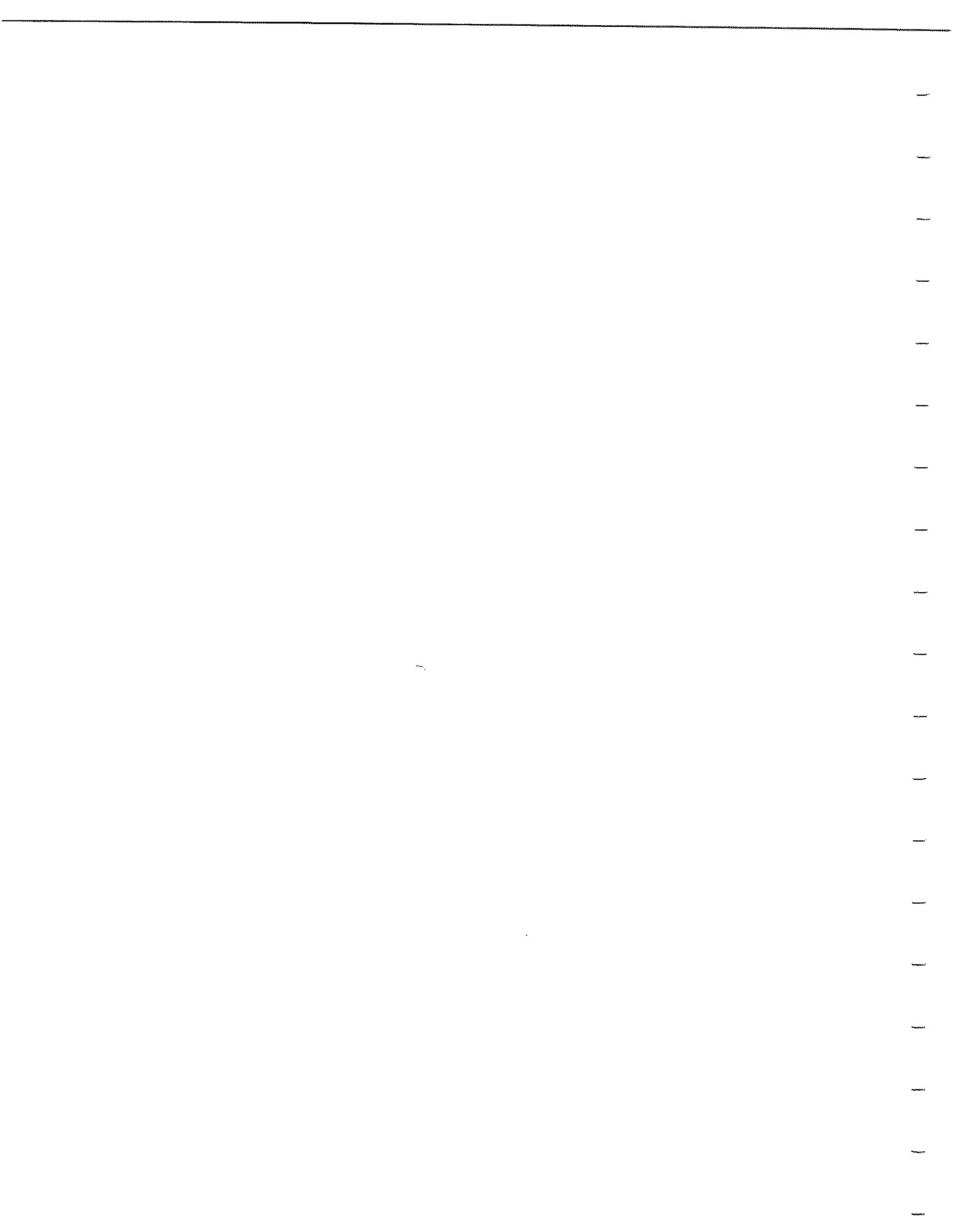
9,609.61

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 90,000.00	90,000.00	90,000.00	-	-	-
Other Expenses	610,000.00	609,500.00	518,666.78	2,591.00	88,242.22	-
	<u>700,000.00</u>	<u>699,500.00</u>	<u>608,666.78</u>	<u>2,591.00</u>	<u>88,242.22</u>	<u>-</u>
Debt Service:						
Payment of Bond Anticipation Notes	110,000.00	110,000.00	110,000.00	-	-	-
Interest on Notes	30,000.00	30,000.00	25,520.58	-	-	4,479.42
USDA Principal & Interest	98,500.00	98,500.00	95,594.00	-	-	2,906.00
	<u>238,500.00</u>	<u>238,500.00</u>	<u>231,114.58</u>	<u>-</u>	<u>-</u>	<u>7,385.42</u>
Deferred Charges and Statutory Expenditures:						
Social Security System	7,000.00	7,500.00	7,610.79	-	-	(110.79)
	<u>7,000.00</u>	<u>7,500.00</u>	<u>7,610.79</u>	<u>-</u>	<u>-</u>	<u>(110.79)</u>
	<u>\$ 945,500.00</u>	<u>945,500.00</u>	<u>847,392.15</u>	<u>2,591.00</u>	<u>88,242.22</u>	<u>7,274.63</u>
Statement of Expenditures:						
Accrued Interest on Bonds			121,114.58			(110.79)
Deferred Charge			-			7,385.42
Disbursed			726,277.57			7,274.63
			<u>847,392.15</u>			<u>Over expended Canceled</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP



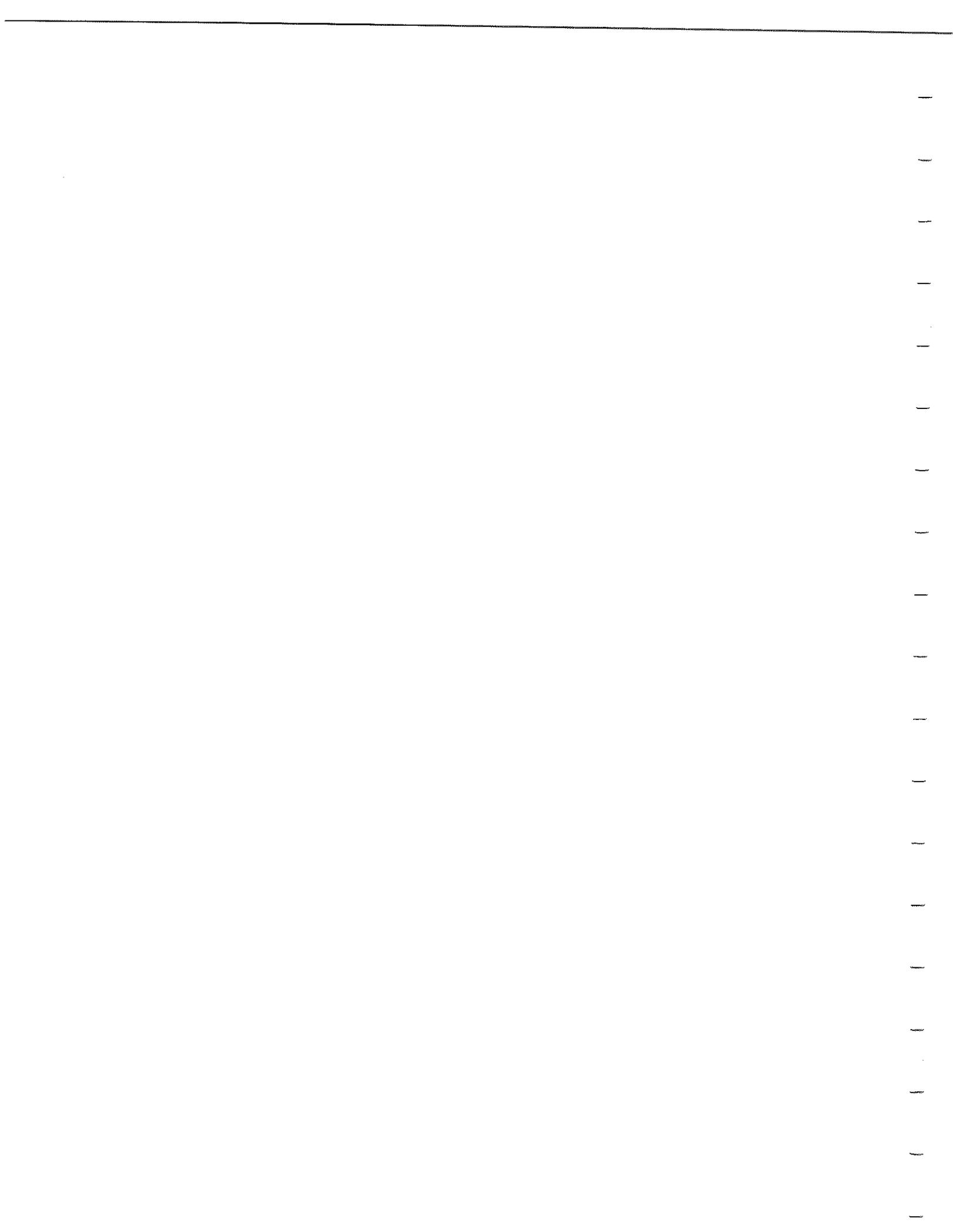
**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>General Fixed Assets</u>	<u>2014</u>	<u>2013</u>
Land and Land Improvements	\$ 341,726.00	341,726.00
Buildings	1,537,918.00	1,537,918.00
Machinery and Equipment	1,180,682.00	1,113,284.00
	<u>3,060,326.00</u>	<u>2,992,928.00</u>
 Investment in General Fixed Assets	 3,060,326.00	 2,992,928.00
	<u>\$ 3,060,326.00</u>	<u>2,992,928.00</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

NOTES TO THE FINANCIAL STATEMENTS



**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

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

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

C. Basis of Accounting

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

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

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 are capitalized.

No depreciation has been provided for in the financial statements.

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

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately. Property and equipment purchased by the Water and Sewer Utility Fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Water and Sewer utility does not record depreciation on fixed assets.

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

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

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

Levy of Water and Sewer Utility Charges – The Borough operates a Water and Sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Sewer Charges are billed quarterly and due on February 15th, May 15th, August 15th, and November 15th.

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

Capitalization of Interest – It is the policy of the Borough of West Cape May to treat interest on projects as a current expense and the interest is included in both the current and Water and Sewer utility operating budgets.

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

D. Required Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the Borough's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the Borough's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$258,137.15 and \$258,129.08. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$300,000.00 and \$224,000.00. In addition, the Borough operates a self-liquidating Water and Sewer utility. Under New Jersey Statutes a separate budget for the Water and Sewer utility must be adopted concurrently with the operating budget of the Borough. The Water and Sewer utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$35,500.00 and \$61,191.53.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Commission. There were no significant budget transfers approved in the 2014 and 2013 calendar years:

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2014, the Borough's Commission approved total budget insertions of \$183,533.32. The Borough's Commission approved total budget insertions in the amount of \$4,833.84 during the 2013 calendar year. The following schedule details the significant budget insertions:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Clean Communities	4,533.32	4,833.84
Sustainable Jersey Small Grants Program	4,000.00	-
NJ Forest Service Community Forestry Program	3,000.00	-
New Jersey DOT - Municipal Grant	172,000.00	-

The Borough may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. The Governing Body did not approve any emergency authorizations in 2013 or 2014. In 2010, a Special Emergency was approved in the amount of the \$10,000.00 under N.J.S. 40A:55. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The emergency was for codification of Ordinances. The unfunded balance as of December 31, 2014 was \$2,000.00.

NOTE 3: INVESTMENTS

As of December 31, 2014 and 2013, the municipality had no investments.

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

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

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

{This space intentionally left blank}

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2014, \$987,007.71 of the government's bank balance of \$4,964,634.28 was exposed to custodial credit risk. As of December 31, 2013, \$0 of the government's bank balance of \$4,748,997.47 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2014 and 2013:

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land Improvements	\$ 341,726.00	-	-	341,726.00
Building	1,537,918.00	-	-	1,537,918.00
Equipment and Machinery	1,107,784.00	5,500.00	-	1,113,284.00
	<u>\$ 2,987,428.00</u>	<u>5,500.00</u>	<u>-</u>	<u>2,992,928.00</u>

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land Improvements	\$ 341,726.00	-	-	341,726.00
Building	1,537,918.00	-	-	1,537,918.00
Equipment and Machinery	1,113,284.00	77,146.00	(9,748.00)	1,180,682.00
	<u>\$ 2,992,928.00</u>	<u>77,146.00</u>	<u>(9,748.00)</u>	<u>3,060,326.00</u>

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 6: SHORT-TERM OBLIGATIONS

	<u>Balance 12/31/12</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/13</u>
Bond Anticipation				
Notes payable:				
General	\$ 165,000.00	270,000.00	165,000.00	270,000.00
Utility	<u>2,965,000.00</u>	<u>2,880,000.00</u>	<u>2,965,000.00</u>	<u>2,880,000.00</u>
	<u>\$ 3,130,000.00</u>	<u>3,150,000.00</u>	<u>3,130,000.00</u>	<u>3,150,000.00</u>
	<u>Balance 12/31/13</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/14</u>
Bond Anticipation				
Notes payable:				
General	\$ 270,000.00	730,000.00	270,000.00	730,000.00
Utility	<u>2,880,000.00</u>	<u>2,770,000.00</u>	<u>2,880,000.00</u>	<u>2,770,000.00</u>
	<u>\$ 3,150,000.00</u>	<u>3,500,000.00</u>	<u>3,150,000.00</u>	<u>3,500,000.00</u>

The General note was issued on 09/25/14 in the amount of \$730,000.00 and is due and payable on 09/25/15 with interest at 0.66%. The Water and Sewer Utility Note was also issued on 09/25/14 in the amount of \$2,770,000.00 and is due on 09/25/15 with an interest rate of 0.66%. As of December 31, 2014 the Borough has authorized but not issued bonds in the amount of \$26,952.00 and \$5,800.00 in the General Capital Fund and Water and Sewer Utility Capital Fund respectively.

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2014 and 2013 consisted of the following:

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ -	-	-	-	-
Utility	1,607,262.84	-	24,949.63	1,582,313.21	29,157.37
Total	<u>\$ 1,607,262.84</u>	<u>-</u>	<u>24,949.63</u>	<u>1,582,313.21</u>	<u>29,157.37</u>
Other liabilities:					
Compensated Absences Payable	\$ 43,467.10	119.16	3,336.32	40,249.94	-
Total long-term liabilities	<u>\$ 1,650,729.94</u>	<u>119.16</u>	<u>28,285.95</u>	<u>1,622,563.15</u>	<u>29,157.37</u>

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ -	-	-	-	-
Utility	1,582,313.21	-	29,157.37	1,553,155.84	37,180.60
Total	<u>\$ 1,582,313.21</u>	<u>-</u>	<u>29,157.37</u>	<u>1,553,155.84</u>	<u>37,180.60</u>
Other liabilities:					
Compensated Absences Payable	\$ 40,249.94	8,593.79	23,058.93	25,784.80	-
Total long-term liabilities	<u>\$ 1,622,563.15</u>	<u>8,593.79</u>	<u>52,216.30</u>	<u>1,578,940.64</u>	<u>37,180.60</u>

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Borough:

At December 31, 2014, there were no bonds and loans payable in the General Capital Fund.

Outstanding bonds whose principal and interest are paid from the Water and Sewer Utility Operating Fund of the Borough:

\$576,000.00 USDA Bonds dated October 29, 2004, due in semiannual installments through December 2044, bearing interest at 4.5%. The balance remaining as of December 31, 2014 is \$510,287.71.

\$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, 2014 is \$175,614.43.

\$924,000.00 USDA Bonds dated January 22, 2009, due in semiannual installments through July 2049, bearing interest at 4.125%. The balance remaining as of December 31, 2014 is \$867,253.70.

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

Year	Utility Fund	
	Principal	Interest
2015	27,251.03	68,342.97
2016	28,480.70	67,113.30
2017	29,766.20	65,827.80
2018	31,110.11	64,483.89
2019	32,515.11	63,078.90
2020-2024	185,991.11	294,453.26
2025-2029	232,409.02	245,923.90
2030-2034	253,820.90	189,712.74
2035-2039	256,149.14	136,700.86
2040-2044	315,645.49	76,267.95
2045-2049	160,017.03	18,749.11
	<u>1,553,155.84</u>	<u>1,290,654.68</u>

As of December 31, 2014, the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$2,700.00 and to the Water and Sewer Utility budget was \$25,520.58.

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 730,000.00	\$ 270,000.00	165,000.00
Utility - Bonds and Notes	4,323,155.84	4,462,313.21	4,572,262.84
Total Issued	<u>5,053,155.84</u>	<u>4,732,313.21</u>	<u>4,737,262.84</u>
Less :			
Funds Temporarily Held to Pay Bonds and Notes			
General	190,756.00	97,731.00	-
Self-Liquidating	137,854.00	137,854.00	137,854.00
Total Deductions	<u>328,610.00</u>	<u>235,585.00</u>	<u>137,854.00</u>
Net Debt Issued	<u>4,724,545.84</u>	<u>4,496,728.21</u>	<u>4,599,408.84</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	26,952.00	576,952.00	202,202.00
Utility - Bonds and Notes	5,800.00	5,800.00	5,800.00
Total Authorized But Not Issued	<u>32,752.00</u>	<u>582,752.00</u>	<u>208,002.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 4,757,297.84</u>	<u>\$ 5,079,480.21</u>	<u>\$ 4,807,410.84</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .129%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 240,000.00	240,000.00	-
Regional School District Debt	\$ 357,221.65	357,221.65	-
Utility Debt	4,328,955.84	4,328,955.84	-
General Debt	756,952.00	190,756.00	566,196.00
	<u>5,683,129.49</u>	<u>5,116,933.49</u>	<u>566,196.00</u>

Net Debt \$566,196.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$439,068,537.00 = .129%.

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	15,367,399.00
Net Debt		566,196.00
Remaining Borrowing Power	\$	<u>14,801,203.00</u>

The Borough of West Cape May School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in their respective funds for the year ending December 31, 2015 and 2014 were as follows:

		<u>2015</u>	<u>2014</u>
Current Fund	\$	372,400.00	300,000.00
Water/Sewer Utility		50,610.79	35,500.00

As of the date of this audit, the Borough has adopted their 2015 municipal budget and the amount of fund balance appropriated for 2015 is approved. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit.

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of various funds:

	<u>Balance December 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation	\$ 2,000.00	2,000.00	-
Overexpenditure	2,913.83	2,913.83	-
Utility fund:			
Overexpenditure	110.79	110.79	-
	<u>5,024.62</u>	<u>5,024.62</u>	<u>-</u>

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10: SCHOOL TAXES

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

	School Tax Balance <u>12/31/2014</u>	School Tax Balance <u>12/31/2013</u>
School Tax Payable - Local School	\$ 443,893.98	\$ 436,520.44
School Tax Payable - Regional School	853,903.46	663,020.96
School Tax Deferred - Local School	443,893.96	429,308.96
School Tax Deferred - Regional School	853,903.46	663,020.96
Tax Payable	<u>\$ 0.02</u>	<u>\$ 7,211.48</u>

NOTE 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance <u>12/31/14</u>	Balance <u>12/31/13</u>
Prepaid Taxes	\$ 52,981.99	\$ 78,940.78
Cash Liability for Taxes Collected in Advance	<u>\$ 52,981.99</u>	<u>\$ 78,940.78</u>

NOTE 12: PENSION FUNDS

Description of Plans

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

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15c-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 9.34% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$38,610.00, \$43,796.00 and \$47,045.00.

The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$494,758.61, \$445,072.61 and \$443,780.14. Payroll covered by PERS was \$413,279.00, 361,367.00, and 370,102.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

NOTE 13: POST-RETIREMENT BENEFITS

The Borough participates in New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The Borough of West Cape May's contributions for post-retirement benefits for the year ended December 31, 2014, 2013, and 2012 were \$2,159.70, \$4,676.76 and \$5,091.24 respectively.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick, vacation, personal, and comp 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, 2014, the Borough estimates this liability to approximate \$25,784.80 based on 2014 pay rates and compensated absence balances. At December 31, 2013, the liability was \$40,249.94. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Borough does not accrue the liability.

NOTE 15: ECONOMIC DEPENDENCY

The Borough of West Cape May is not economically dependent on any one business or industry as a major source of tax revenue for the Borough.

NOTE 16: 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. During the year ended December 31, 2014 and 2013 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Borough has a general liability limit of \$50,000 under JIF, which increases to \$1,000,000 under MEL.

NOTE 17: CONTINGENT LIABILITIES

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

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 2014, the following interfunds were included on the balance sheets of the various funds of the Borough of West Cape May:

	Due From	Due To
Current Fund:		
Grant Fund	\$ -	56,639.30
Dog Fund	2,599.01	-
Trust - Other	-	8,351.25
Trust - POAA	-	327.00
Utility Operating	-	147,073.84
General Capital	-	136,242.45
Trust - Unemployment	-	534.73
Grant Fund:		
Current Fund	56,639.30	-
General Capital Fund:		
Current Fund	136,242.45	-
Trust - COAH	40,000.00	-
Utility Operating Fund:		
Utility Capital	-	1,331,244.13
Current Fund	147,073.84	-
Utility Capital Fund:		
Utility Operating	1,331,244.13	-
Trust Other Fund:		
Current Fund	8,351.25	-
COAH Trust Fund :	25,673.13	-
Dog Trust Fund :		
Current Fund	-	2,599.01
POAA Trust Fund:		
Current Fund	327.00	-
Unemployment Trust Fund :		
Current Fund	534.73	-
COAH Trust Fund :		
General Capital	-	40,000.00
Trust - Other	-	25,673.13
	<u>\$ 1,748,684.84</u>	<u>1,748,684.84</u>

The amount due to the Grant fund from the Current fund is due to the fact that there is only one bank account for the Current Fund and the Grant Fund.

The amount due to Water and Sewer Operating and General Capital from the Current Fund is mostly due inter-funds that existed at December 31, 2013 that were not transferred during 2014.

The amount due from COAH in the General Capital Fund has existed from 2012 and should have transferred at year-end.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

The large inter-fund that exists at year-end between the Utility Operating account and the Utility Capital account is due to disbursements for Utility Capital that were paid out of the Utility Operating account from prior years that need to be reimbursed.

There was also an inter-fund between the Trust-Other and the COAH trust which related directly to expenditures paid for by the Other Trust which were directly related to COAH.

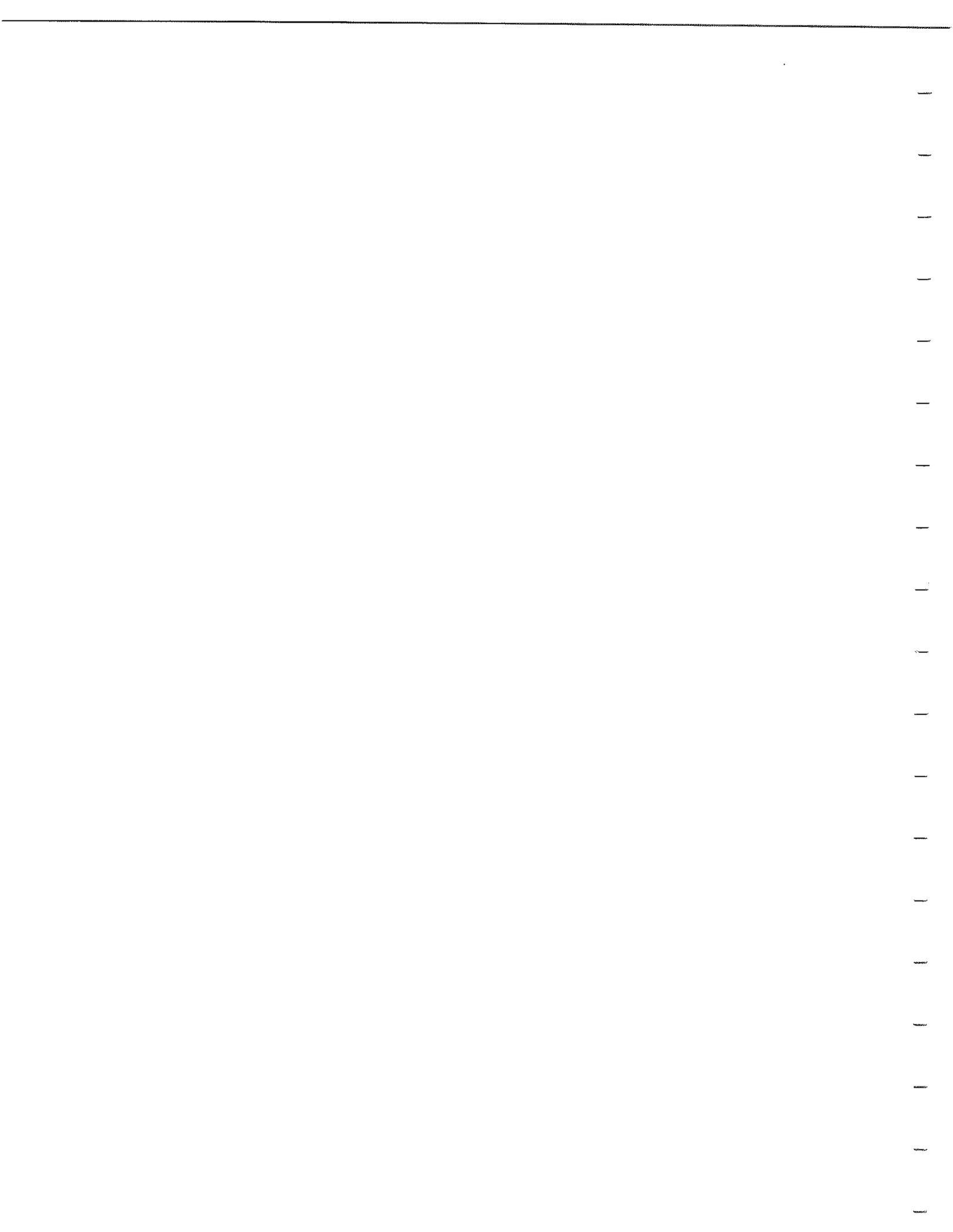
NOTE 19: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 30, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

{This space intentionally left blank}

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

SUPPLEMENTARY INFORMATION





FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of Borough's Commission
Borough of West Cape May
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 30, 2015, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies as items 2014-1 through 2014-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Borough's Response to Findings

The Borough's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

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

Leon P. Costello

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

June 30, 2015

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding #2014-1: *

The General Ledger was not reconciled with the sub-ledgers.

Criteria:

NJAC 5:30-5.7 requires that all local units maintain a General Ledger Accounting System for the current fund in accordance with certain minimum standards which includes supporting ledgers. These standards shall be applicable for all funds of the local unit: current, state and federal grant, capital, all trusts and utilities.

Condition:

The General Ledger was not consistently reconciled with sub-ledgers.

Cause:

Full utilization of the general ledger has not been a priority.

Effect:

As a result of not properly reconciling general ledger with the corresponding sub-ledgers, not all transactions were properly recorded nor were transfers made within the period in which the disbursements occurred. The Borough is not complying with NJAC 5:30-5.7.

Recommendation:

The General Ledger should be reconciled on a monthly basis with the sub-ledgers. This will ensure that all transactions are recorded in the period within which they occurred. Cash transfers should be made from one account to another in accordance with the detail in the sub-ledgers to avoid large inter-fund balances.

Management Response:

The Borough's Chief Financial Officer will monitor the financial information on an ongoing basis, which will include posting all significant entries, as well as, correcting opening balances for 2015 to correspond to the 2014 Audit report's.

Finding #2014-2:

The Borough had overexpenditures of appropriations in the Current and Water and Sewer Utility Funds.

Criteria:

Local Budget Law and Local Finance Board Regulations do not permit over expenditures of individual budget line items.

Condition:

The Borough approved payments in excess of budget appropriations totaling \$2,913.83 for the Current Fund and \$110.79 in the Water and Sewer Utility Fund before verifying that there were sufficient funds available in the budget lines.

Cause:

Appropriation expenditures were not properly monitored during 2014.

Effect:

The overexpenditures must be raised in the budget as deferred charges in the 2015 budget.

Recommendation:

That no commitment be made or expenditure approved for payment unless there is a sufficient balance in the proper budget line item.

Management Response:

The Borough's Chief Financial Officer will monitor budget appropriations.

Finding #2014-3:

Expenditures were not posted in a timely manner and records were not available until the middle of February 2015. Therefore, the Annual Financial Statement could not be filed on time as required by State Statutes. Several adjustments were needed to the client's records at year end.

Criteria:

All expenditures must be posted on a monthly basis. All New Jersey municipalities are required to file by February 10th an Annual Financial Statement under New Jersey Statutes annotated 40A: 5-12, as amended.

Condition:

Posting of Expenditures are not being completed within a reasonable amount of time. Several encumbrances existed at year end that were in fact paid by the Borough.

Cause:

The Chief Financial Officer did not post expenditures within a reasonable time period.

Effect:

The 2014 Annual Financial Statement could not be filed on time as required by State Statutes.

Recommendation:

We also recommend that expenditures be posted in a timely manner into the Borough's accounting software.

Management Response:

The Borough's Chief Financial Officer will timely post all expenditures utilizing the Borough's accounting software in 2015.

Finding #2014-4:

Several inter-funds exist at year-end.

Criteria:

Inter-fund receivables and payables arise from transactions between funds and are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Condition:

Several inter-funds exist among all the Borough's funds that consist of amounts from the current year and prior years.

Cause:

The inter-funds are the result of funds being advanced to other funds for expenditures made during the year.

Effect:

The inter-fund balances affect the operating positions of the funds involved.

Recommendation:

That all inter-fund balances be liquidated at year end.

Management Response:

The Chief Financial Officer will attempt to close out the inter-funds prior to year end.

Finding #2014-5:

There were some instances where deposits were not made within 48 hours as required by N.J.S.A. 40A:5-15.

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

- 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 the designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.

Condition:

Deposits were not consistently made within 48 hours as required by N.J.S.A. 40A:5-15.

Cause:

Armored Car service only picks up deposits on Monday, Wednesday, and Friday.

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.

Management Response:

The Chief Financial Officer will deposit all funds within 48 hours.

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-1:**

Recommendation

That the General Ledger be reconciled with the sub-ledgers.

Current Status

The finding was not cleared in 2014.

Corrective Action to be Taken

The Borough's Chief Financial Officer will maintain the financial records.

Finding 2013-2:

Recommendation

Water and Sewer Operating Bank reconciliations were not completed after April 2013.

Current Status

This finding was cleared in 2014.

** A similar finding was made in 2014.

{This space intentionally left blank}

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2013	\$ 621,971.56	-
Increased by Receipts:		
Tax Collector	4,918,999.67	-
Miscellaneous Revenue Anticipated	224,257.95	-
Miscellaneous Revenue Not Anticipated	52,607.88	-
Payroll Deductions Payable	713,136.96	-
Return of Change Fund	50.00	-
Due to State - Marriage Licenses	200.00	-
Due to POAA	46.00	-
Due from Capital Fund	93,025.00	-
Due from Grant Fund	133,879.68	-
Due from State - Senior Citizens & Vets	12,000.00	-
Due from Trust - Escrow	5,119.25	-
Due from Current Fund	-	55,784.73
Federal and State Unallocated	-	14,028.61
Federal and State Receivables	-	119,851.07
	<u>6,153,322.39</u>	<u>189,664.41</u>
	6,775,293.95	189,664.41
Decreased by Disbursements:		
Current Year Appropriation	1,778,747.13	-
Prior Year Appropriations	77,206.63	-
County Taxes	1,095,886.98	-
Local District School Taxes	880,414.46	-
Regional School Taxes	1,516,927.50	-
County Taxes - Added	4,992.86	-
Payroll Deductions Paid	737,002.10	-
Due to Water & Sewer Utility Fund	18,246.77	-
Due to State - Marriage Licenses	175.00	-
Due to Capital Fund	54,302.22	-
Due to Grant Fund	55,784.73	-
Due to Dog Trust	161.52	-
Due to Current Fund	-	133,879.68
Federal and State Disbursements	-	55,784.73
	<u>6,219,847.90</u>	<u>189,664.41</u>
Balance December 31, 2014	\$ <u><u>555,446.05</u></u>	<u><u>-</u></u>

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

Balance December 31, 2013		\$	661,660.43
Increased by Receipts:			
Prepaid Taxes	52,981.99		
Taxes Receivable	5,098,932.09		
Overpayments Received	21,208.15		
Revenue Accounts Receivable	24,212.40		
Tax Title and Other Liens	<u>6,879.64</u>		
			<u>5,204,214.27</u>
			5,865,874.70
Payments to Treasurer			<u>4,918,999.67</u>
		\$	<u><u>946,875.03</u></u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2013		\$	139,693.41
Increased by:			
Transfers from Taxes Receivable	16,527.22		
	<u>16,527.22</u>		<u>16,527.22</u>
			156,220.63
Decreased by:			
Miscellaneous	110.00		
Collections	6,879.64		
	<u>6,989.64</u>		<u>6,989.64</u>
Balance December 31, 2014		\$	<u><u>149,230.99</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2013	Accrued in 2014	Collected by		Balance Dec. 31, 2014
			Collector	Treasurer	
Licenses:					
Other	-	33,886.00	-	33,886.00	-
Fines and Costs:					
Municipal Court	1,022.46	21,473.30	-	20,704.19	1,791.57
Interest and Costs on Taxes	-	24,212.40	24,212.40	-	-
Energy Receipts Tax	-	89,303.00	-	89,303.00	-
Cape May City Interlocal					
Services Agreement - Lease	-	35,364.76	-	35,364.76	-
Liquor License Trust Contribution	-	45,000.00	-	45,000.00	-
Miscellaneous Revenue Not Anticipated	-	52,607.88	-	52,607.88	-
	<u>1,022.46</u>	<u>301,847.34</u>	<u>24,212.40</u>	<u>276,865.83</u>	<u>1,791.57</u>
			Cash	276,751.86	
			Non-Cash Item	113.97	
			Total	<u>276,865.83</u>	

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF PUBLIC AFFAIRS AND SAFETY					
Director's Office					
Salaries and Wages	\$ 1,186.40	1,186.40	-	1,186.40	-
Other Expenses	1,090.68	1,090.68	-	1,090.68	-
Fire					
Other Expenses					
Miscellaneous Other Expenses	8,141.92	8,141.92	5,368.66	2,773.26	-
Aid to Volunteer Fire Company	23,858.30	23,858.30	15,894.46	7,963.84	-
Police					
Salaries and Wages	100.00	100.00	-	100.00	-
Other Expenses	100.00	100.00	34.90	65.10	-
Municipal Prosecutor					
Salaries and Wages	37.40	37.40	-	37.40	-
Emergency Management Services					
Salaries and Wages	858.16	858.16	-	858.16	-
Other Expenses	1,485.34	1,485.34	1,415.75	69.59	-
Board of Health					
Other Expenses	310.00	310.00	-	310.00	-
Emergency Medical Services - Contractual	8,299.81	8,299.81	8,299.81	-	-
Fire Safety Division					
Salaries and Wages	79.12	79.12	-	79.12	-
Other Expenses	100.00	100.00	-	100.00	-
Celebration of Public Events, Anniversary, Holidays					
Other Expenses	1,500.00	1,500.00	-	1,500.00	-
Public Employee Awards Program (NJSA 40A:9-18) (NJSA 40A:5-31)	200.00	200.00	-	200.00	-
Dog Regulation					
Other Expenses	689.49	689.49	583.49	106.00	-
Municipal Court					
Salaries and Wages	2,594.37	2,594.37	-	2,594.37	-
Other Expenses	1,009.72	1,009.72	410.48	599.24	-
Public Defender					
Salaries and Wages	61.21	61.21	-	61.21	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Salaries and Wages	244.46	244.46	-	244.46	-
Other Expenses	3,667.03	3,667.03	851.68	2,815.35	-
Financial Administration					
Salaries and Wages	17,108.46	17,108.46	-	17,108.46	-
Other Expenses					
Miscellaneous Other Expenses	1,521.43	1,521.43	1,427.68	93.75	-
Borough Clerk					
Salaries and Wages	157.00	157.00	-	157.00	-
Other Expenses	10,419.34	10,419.34	761.00	9,658.34	-
Elections					
Other Expenses	837.40	837.40	-	837.40	-
Assessment of Taxes					
Salaries and Wages	194.85	194.85	-	194.85	-
Other Expenses	545.00	545.00	-	545.00	-
Collection of Taxes					
Other Expenses	1,306.47	1,306.47	-	1,306.47	-
Liquidation of Tax Title Liens					
Other Expenses	200.00	200.00	-	200.00	-
Legal Services and Costs					
Other Expenses	48,589.76	48,589.76	8,200.50	40,389.26	-
Grant Coordinator - Contractual	11,500.00	11,500.00	-	11,500.00	-
Code Enforcement Officer					
Salaries and Wages	26.26	26.26	-	26.26	-
Other Expenses	100.00	100.00	-	100.00	-
Zoning Officer					
Salaries and Wages	100.57	100.57	-	100.57	-
Other Expenses	630.12	630.12	-	630.12	-
Municipal Land Use (N.J.S.A. 40:55 D-1)					
Planning and Zoning Board					
Salaries and Wages	184.15	184.15	-	184.15	-
Other Expenses	4,245.18	4,245.18	-	4,245.18	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF REVENUE AND FINANCE					
Historic Preservation Insurance	982.64	982.64	-	982.64	-
General Liability	1,668.00	1,668.00	-	1,668.00	-
Construction Code Enforcement Other Expenses	9,265.00	6,965.00	-	6,965.00	-
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY					
Director's Office					
Salaries and Wages	175.94	175.94	-	175.94	-
Other Expenses	653.21	653.21	608.23	44.98	-
Public Building and Grounds					
Other Expenses	2,496.23	12,796.23	12,778.83	17.40	-
Engineering					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Road Repairs and Maintenance					
Other Expenses	4,629.53	1,629.53	1,623.19	6.34	-
Garbage and Trash Removal					
Other Expenses	9,859.18	4,859.18	4,056.97	802.21	-
Recycling					
Salaries and Wages	16,765.44	16,765.44	-	16,765.44	-
Other Expenses	2,846.10	2,846.10	1,982.25	863.85	-
Parks and Playgrounds					
Other Expenses	476.52	476.52	-	476.52	-
Recreation					
Other Expenses	300.00	300.00	-	300.00	-
Shade Tree Commission					
Other Expenses	308.00	308.00	-	308.00	-
Environmental Commission					
Other Expenses	486.98	486.98	-	486.98	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
UNCLASSIFIED					
General Office Operations	2,266.27	2,266.27	2,148.94	117.33	-
Other Expenses					
UTILITY EXPENSES AND BULK PURCHASES					
Electric	10,535.44	10,535.44	7,280.68	3,254.76	-
Street Lighting	1,355.95	1,355.95	1,355.95	-	-
Telephone	679.68	679.68	679.68	-	-
Fuel Oil & Gasoline	5,245.33	5,245.33	1,415.92	3,829.41	-
Postage	4,498.88	4,498.88	-	4,498.88	-
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System (O.A.S.I.)	2,798.68	2,798.68	-	2,798.68	-
Unemployment Compensation Insurance	971.78	971.78	-	971.78	-
Defined Contribution Retirement Program	1,269.48	1,269.48	27.58	1,241.90	-
OPERATIONS EXCLUDED FROM "CAPS"					
Interlocal Municipal Service Agreements					
Cape May City Interlocal Services Agreement	0.20	0.20	-	0.20	-
Police Protection Contractual	2,000.00	2,000.00	-	2,000.00	-
Matching Funds for Grants					
	<u>\$ 236,813.86</u>	<u>236,813.86</u>	<u>77,206.63</u>	<u>159,607.23</u>	<u>-</u>

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

Balance December 31, 2013			
School Tax Payable	\$	7,211.48	
School Tax Deferred		<u>429,308.96</u>	
			\$ 436,520.44
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>887,788.00</u>
			1,324,308.44
Decreased by:			
Payments			<u>880,414.46</u>
Balance December 31, 2014			
School Tax Payable		0.02	
School Tax Deferred		<u>443,893.96</u>	
			<u>443,893.98</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			880,414.46
Tax Payable Ending			<u>0.02</u>
			880,414.48
Less: Tax Payable Beginning			<u>7,211.48</u>
Amount charged to Current Year Operations			<u>\$ 873,203.00</u>

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

Balance December 31, 2013			
School Tax Payable	\$	-	
School Tax Deferred		<u>663,020.96</u>	
			\$ 663,020.96
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>1,707,810.00</u>
			2,370,830.96
Decreased by:			
Payments			<u>1,516,927.50</u>
Balance December 31, 2014			
School Tax Payable		-	
School Tax Deferred		<u>853,903.46</u>	
			<u>853,903.46</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,516,927.50
Tax Payable Ending			<u>-</u>
			1,516,927.50
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 1,516,927.50</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred From 2014 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2014</u>
STATE GRANTS:					
New Jersey Transportation Trust Fund Authority Act of 1984					
Fow Avenue	40,000.00	-	-	20,000.00	20,000.00
DOT Bike Path Grant - 2012	104,790.37	-	-	-	104,790.37
DOT Bike Path Grant - 2014	-	172,000.00	119,851.07	-	52,148.93
Clean Communities	-	-	-	-	-
NJ State Forestry Program	-	-	-	-	-
Sustainable New Jersey Small Grant Tonnage Grant	1,752.87	-	-	-	1,752.87
Total State	<u>146,543.24</u>	<u>172,000.00</u>	<u>119,851.07</u>	<u>20,000.00</u>	<u>178,692.17</u>
\$	<u>146,543.24</u>	<u>172,000.00</u>	<u>119,851.07</u>	<u>20,000.00</u>	<u>178,692.17</u>

Unappropriated Reserves	Cash
	119,851.07
	-
	<u>119,851.07</u>

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

	Balance December 31, 2013	Reserve for		2014	Disbursed	Encumbrances	Canceled	Balance
	Encumbrances	Appropriations	Appropriations	Appropriations	Encumbrances	Encumbrances	Encumbrances	Dec. 31, 2014
STATE GRANTS:								
Clean Communities	5,073.20	-	4,533.32	8,914.46	-	-	-	692.06
Alcohol Education and Rehabilitation	3,825.07	-	-	-	-	-	-	3,825.07
Drunk Driving Enforcement Fund	-	-	633.30	-	-	-	-	633.30
Solid Waste Recycling	7,640.43	-	-	-	-	-	-	7,640.43
Recycling Tomtag	16,479.65	-	1,362.87	5,381.47	-	-	-	12,461.05
DOT Bike Path	42,055.05	-	-	41,488.80	47.00	-	-	519.25
NJ DOT Bike Path - 2014	-	-	172,000.00	-	-	-	-	172,000.00
Emergency Management Relief	2,576.25	-	-	-	-	-	-	2,576.25
Municipal Alliance - Local Share	2,039.90	-	-	-	-	-	-	2,039.90
Cape May County Recycling	268.32	-	-	-	-	-	-	268.32
Cape May County MUA	3,959.45	-	-	-	-	-	-	3,959.45
Sustainable Jersey Small Grants	-	-	4,000.00	-	-	-	-	4,000.00
NJ Forest Service Community Forestry Program	-	-	3,000.00	-	-	-	-	3,000.00
Total State	83,917.32	-	185,529.49	55,784.73	47.00	-	-	213,615.08
	83,917.32	-	185,529.49	55,784.73	47.00	-	-	213,615.08

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

<u>Purpose</u>	Balance	Transferred	<u>Received</u>	<u>Adjustments</u>	Balance
	Dec. 31, 2013	To 2014 Appropriations			Dec. 31, 2014
FEDERAL GRANTS:					
Small Cities Program - 2002	\$ 15,645.00	-	-	-	15,645.00
Total Federal	<u>15,645.00</u>	-	-	-	<u>15,645.00</u>
STATE GRANTS:					
Alcohol Education Rehabilitation	-	-	295.40	-	295.40
Recycling Tonnage	1,362.87	1,362.87	2,199.89	-	2,199.89
Stormwater Management Grant	1,705.00	-	-	-	1,705.00
Clean Communities	-	4,533.32	4,533.32	-	-
DDEF	633.30	633.30	-	-	-
Sustainable Jersey Small Grants	-	4,000.00	4,000.00	-	-
NJ Forest Service Community Forestry Program	-	3,000.00	3,000.00	-	-
Total State	<u>3,701.17</u>	<u>13,529.49</u>	<u>14,028.61</u>	-	<u>4,200.29</u>
	\$ <u>19,346.17</u>	<u>13,529.49</u>	<u>14,028.61</u>	-	<u>19,845.29</u>

**TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2013		\$	3,332.81
Increased By Receipts:			
Dog Licenses Fees	\$	618.40	
State License Fees		49.80	
Interest Earned		1.57	
			669.77
			4,002.58
Decreased By Disbursements:			
State License Fee		50.20	
Interest to Current		1.57	
			51.77
Balance December 31, 2014		\$	3,950.81

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2013		\$ 1,069,309.02
Increased By Receipts:		
Tax Title Liens	\$ 185,842.67	
Site Plan Escrow Deposits	47,203.67	
COAH Fees	59,841.15	
Public Assistance	2.56	
Liquor License Trust	225.40	
Other Trust Fund Receipts	85,290.95	
	<u>378,406.40</u>	<u>1,447,715.42</u>
Decreased By Disbursements:		
Tax Title Lien Redemptions	206,390.46	
Site Plan Escrow Deposits Returned	34,508.13	
Public Assistance	2.56	
Due to Current	5,119.25	
Liquor License Trust	45,000.00	
Other Trust Fund Disbursements	101,232.52	
	<u>392,252.92</u>	<u>1,055,462.50</u>
Balance December 31, 2014		\$ <u>1,055,462.50</u>

**TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2013		\$	1,455.60
Increased By:			
Dog Licenses Fees Collected	\$	618.40	
		618.40	618.40
Decreased By Disbursements:			
Due to Current		161.52	
Excess to Current Fund		560.68	
		722.20	2,074.00
Balance December 31, 2014		\$	1,351.80
License Fees Collected			
	<u>Year</u>		
	2012	750.00	
	2013	601.80	
		1,351.80	
	\$	1,351.80	

Exhibit B-4

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2013		\$	0.40
Increased By:			
Collected in 2014	\$	49.80	
		49.80	49.80
Decreased By:			
Paid to State of New Jersey		50.20	
		50.20	50.20
Balance December 31, 2014		\$	-

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

Balance December 31, 2013		\$ 147,958.09
Increased by:		
Due from Current Fund	604,302.22	
Budget Appropriation :		
Capital Improvement Fund	10,000.00	
Reserve to Pay Notes	93,025.00	
Proceeds from Bond Anticipation Notes	<u>550,000.00</u>	
		<u>1,257,327.22</u>
		1,405,285.31
Decreased by:		
Improvement Authorizations	101,329.28	
Paydown of Bond Anticipation Notes	<u>643,025.00</u>	
		<u>744,354.28</u>
Balance December 31, 2014		<u>\$ 660,931.03</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2013		Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2014
			Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	202.39	-	-	-	-	-	-	-	202.39
Capital Improvement Fund		6,650.00	10,000.00	-	-	-	-	-	-	16,650.00
Contracts Payable		-	-	-	-	-	-	-	-	528,862.00
Reserve to Pay Notes		97,731.00	93,025.00	-	-	-	-	-	-	190,756.00
Due to (from) Current Fund		(97,519.67)	550,119.97	-	-	-	-	-	-	(190,424.70)
Due to Current Fund (Disbursement)		-	54,182.25	-	-	643,025.00	-	-	-	54,182.25
Due to (from) Trust Other Fund		(40,000.00)	-	-	-	-	-	-	-	(40,000.00)
Reserve for Purchase of Fire Equipment		535.28	-	-	-	-	-	-	-	535.28
Improvement Authorizations:										
292-01 Improvements to Municipal Buildings		177.10	-	-	-	-	-	-	-	177.10
324-03 Various Improvements		2,725.95	-	-	-	2,608.28	-	-	-	117.67
349-05 Public Safety Equipment		2.89	-	-	-	-	-	-	-	2.89
355-05 Various Improvements		8,659.98	-	-	-	8,659.98	-	-	-	5,399.98
367-06 Various Improvements		7,240.00	-	-	-	1,840.02	-	-	-	26,367.50
374-06 Various Improvements		26,367.50	-	-	-	-	-	-	-	1,247.67
390-07 Various Improvements		1,247.67	-	-	-	-	-	-	-	25,698.00
406-07 Various Improvements		25,698.00	-	-	-	-	-	-	-	734.00
389-07 Solar Panels - County		734.00	-	-	-	-	-	-	-	2,007.00
413-08 Various Improvements - County		2,007.00	-	-	-	-	-	-	-	41,520.00
471-12 Various Improvements		75,249.00	-	-	-	33,729.00	-	-	-	41,520.00
483-13 Acquisition of Fire Truck/PW Vehicle		30,250.00	-	-	550,000.00	54,492.00	-	528,862.00	-	(3,104.00)
	\$	147,958.09	707,327.22	-	550,000.00	101,329.28	643,025.00	528,862.00	-	660,931.03

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

Balance December 31, 2013		\$	6,650.00
Increased by:			
Budget Appropriation	<u>10,000.00</u>		<u>10,000.00</u>
Balance December 31, 2014		\$	<u><u>16,650.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Raised In 2014 Budget	Debt Issued	Balance Dec. 31, 2014	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
406-07	Various Improvements	2,202.00	-	-	-	2,202.00	-	-	2,202.00
445-10	Various Improvements	70,000.00	-	-	70,000.00	-	-	-	-
471-12	Various Improvements	200,000.00	-	-	20,000.00	180,000.00	180,000.00	-	-
483-13	Acquisition of Fire Truck/PW Vehicle	574,750.00	-	-	-	574,750.00	550,000.00	3,104.00	21,646.00
		<u>\$ 846,952.00</u>			<u>90,000.00</u>	<u>756,952.00</u>	<u>730,000.00</u>	<u>3,104.00</u>	<u>23,848.00</u>

Improvement Authorizations Unfunded	\$ 65,368.00
Less:	
Unexpended Proceeds of Bond	
Anticipation Notes Issued:	
Ord. Number	41,520.00
471-12	<u>41,520.00</u>
	<u>41,520.00</u>
	<u>\$ 23,848.00</u>

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Various Improvements	445-10	10/1/2010	9/26/2013	9/26/2014	1.000%	70,000.00	-	70,000.00	-
Rehabilitation of Small Cities Housing	471-12	5/23/2012	9/26/2013	9/26/2014	1.000%	200,000.00	-	200,000.00	-
			9/25/2014	9/25/2015	0.660%	-	180,000.00	-	180,000.00
Acquisition of Fire Truck/PW Vehicle	483-13	9/25/2014	9/25/2014	9/25/2015	0.660%	-	550,000.00	-	550,000.00
						\$ 270,000.00	730,000.00	270,000.00	730,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Other	Balance Dec. 31, 2014
406-07	Various Improvements	\$ 2,202.00	-	-	-	2,202.00
483-13	Acquisition of Fire Truck/PW Vehicle	574,750.00	-	550,000.00	-	24,750.00
		<u>\$ 576,952.00</u>	<u>-</u>	<u>550,000.00</u>	<u>-</u>	<u>26,952.00</u>

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2013	\$ 2,198,993.31	-
Increased by Receipts:		
Water & Sewer Rent Collected	923,324.11	-
Water & Sewer Prepaid	10,721.97	-
Miscellaneous	9,609.61	-
Reserve for Amortization	-	110,000.00
Bond Anticipation Notes	-	2,770,000.00
Due from Disbursement	18,246.77	-
Due from Current	456.41	-
Due from Utility Operating	-	493,718.17
	<u>962,358.87</u>	<u>3,373,718.17</u>
	3,161,352.18	3,373,718.17
Decreased by Disbursements:		
Current Year Appropriation	726,277.57	-
Prior Year Appropriations	154,151.86	-
Improvement Authorizations	-	493,718.17
Accrued Interest on Bonds and Notes	124,394.00	-
Bond Anticipation Notes	-	2,880,000.00
Due to Current	456.41	-
Due to Utility Capital	493,718.17	-
	<u>1,498,998.01</u>	<u>3,373,718.17</u>
Balance December 31, 2014	\$ 1,662,354.17	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2013	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2014
		Miscellaneous	Improvement Authorizations		Miscellaneous	From	To		
Capital Improvement Fund	\$ 110,000.00	-	-	-	-	-	-	-	110,000.00
Capital Fund Balance	225.00	-	-	-	-	-	-	-	225.00
USDA Grant Receivable	(330,548.00)	-	-	-	-	-	-	-	(330,548.00)
Due to/(from):									
Water & Sewer Operating Fund	(1,824,962.30)	493,718.17	-	-	-	-	-	-	(1,331,244.13)
Current Fund	-	-	2,880,000.00	-	-	2,880,000.00	-	-	-
Encumbrances Payable	39,645.06	-	-	-	-	-	39,645.06	47,073.06	47,073.06
Reserve for Debt Service	137,854.00	-	-	-	-	-	-	-	137,854.00
Improvement Authorizations:									
Ord. Number									
171-91	(800.00)	-	-	-	-	-	-	-	(800.00)
358-05	-	-	-	-	-	-	36,687.81	36,687.81	-
448-10	450.00	-	-	-	497.00	-	2,410.25	2,457.25	-
464-11	1,868,136.24	-	-	-	493,221.17	-	7,975.00	500.00	1,367,440.07
		493,718.17	2,880,000.00	2,880,000.00	493,718.17	2,880,000.00	86,718.12	86,718.12	-

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

Balance December 31, 2013		\$	36,323.20
Increased by Receipts:			
Consumer Accounts Charges and Levies	<u>923,644.94</u>		<u>923,644.94</u>
			959,968.14
Decreased by Disbursements:			
Collections	<u>923,324.11</u>		<u>923,324.11</u>
Balance December 31, 2014		\$	<u><u>36,644.03</u></u>

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 3,218.31	3,218.31	-	3,218.31	-
Other Expenses	201,080.34	201,080.34	189,362.06	11,718.28	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	857.39	857.39	-	857.39	-
	<u>\$ 205,156.04</u>	<u>205,156.04</u>	<u>189,362.06</u>	<u>15,793.98</u>	<u>-</u>
Appropriation Reserves	\$ 93,744.68				
Encumbrances Payable	111,411.36				
	<u>205,156.04</u>				

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE**

Balance December 31, 2013		\$	29,232.80
Increased by:			
USDA & BAN Interest	121,114.58		
	121,114.58		121,114.58
			150,347.38
Decreased By:			
USDA & BAN Interest Paid	124,394.00		
Payments to Treasurer	124,394.00		124,394.00
Balance December 31, 2014		\$	25,953.38

Analysis of Accrued Interest December 31, 2014

	Principal Outstanding December 31, 2014	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	175,614.43	5.00%	12/2/2014	12/31/2014	29	707.34
	510,287.71	4.50%	10/29/2014	12/31/2014	63	4,018.52
	867,253.70	4.13%	7/22/2014	12/31/2014	162	16,098.40
	2,770,000.00	0.66%	9/28/2014	12/31/2014	101	5,129.12
						25,953.38

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

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Paid or Charged	Balances December 31, 2014	
				Balance December 31, 2013 Funded	Balance December 31, 2013 Unfunded	Other Funding		Deferred Charges to Future Taxation	Funded
356-05	USDA Phase II Sewer & Water	10/4/2005	1,609,000.00	\$ -	-	-	-	-	-
446-10	Improvements to Water and Sewer Infrastructure	3/10/2010	220,000.00	-	450.00	-	450.00	-	-
464-11	Water / Sewer Utility Improvements	11/09/11	3,013,000.00	-	1,873,136.24	-	500,696.17	-	1,372,440.07
				\$ -	<u>1,873,586.24</u>	-	<u>501,146.17</u>	-	<u>1,372,440.07</u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Replace Septic System	12/2/1992	293,200.00	*****		5.000%	185,774.53	-	10,160.10	175,614.43
	USDA Bond - semi-annual payments of \$8,512.00 due on June 2 and December 2. Final payment December 2, 2032								
Sanitary Sewer System Impro.	10/29/2004	576,000.00	*****		4.500%	518,253.78	-	7,966.07	510,287.71
	USDA Bond - semi-annual payments of \$15,593.00 due on April 28 and October 28. Final payment October 28, 2044								
Sanitary Sewer System Impro.	1/22/2009	924,000.00	*****		4.125%	878,284.90	-	11,031.20	867,253.70
	USDA Bond - semi-annual payments of \$23,692.00 due on January 22 and July 22. Final payment July 22, 2049								
						\$ 1,582,313.21	-	29,157.37	1,553,155.84

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Sewer Main Replacement - 2002	314-02	10/3/2007	9/26/2013	9/26/2014	1.000%	320,000.00	-	320,000.00	-
			9/25/2014	9/25/2015	0.660%	-	300,000.00	-	300,000.00
Sewer Main Replacement - 2003	330-03	10/1/2010	9/26/2013	9/26/2014	1.000%	90,000.00	-	90,000.00	-
Improvements to Water and Sewer Infrastructure	446-10	10/1/2010	9/26/2013	9/26/2014	1.000%	180,000.00	-	180,000.00	-
			9/25/2014	9/25/2015	0.660%	-	180,000.00	-	180,000.00
Water & Sewer Improvements	464-11	11/9/2011	9/26/2013	9/26/2014	1.000%	2,290,000.00	-	2,290,000.00	-
			9/25/2014	9/25/2015	0.660%	-	2,290,000.00	-	2,290,000.00
\$						<u>2,880,000.00</u>	<u>2,770,000.00</u>	<u>2,880,000.00</u>	<u>2,770,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Other	Balance Dec. 31, 2014
171-91	Various Improvements	\$ 800.00	-	-	-	800.00
464-11	Water/Sewer Utility Improvements	5,000.00	-	-	-	5,000.00
		<u>\$ 5,800.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,800.00</u>

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



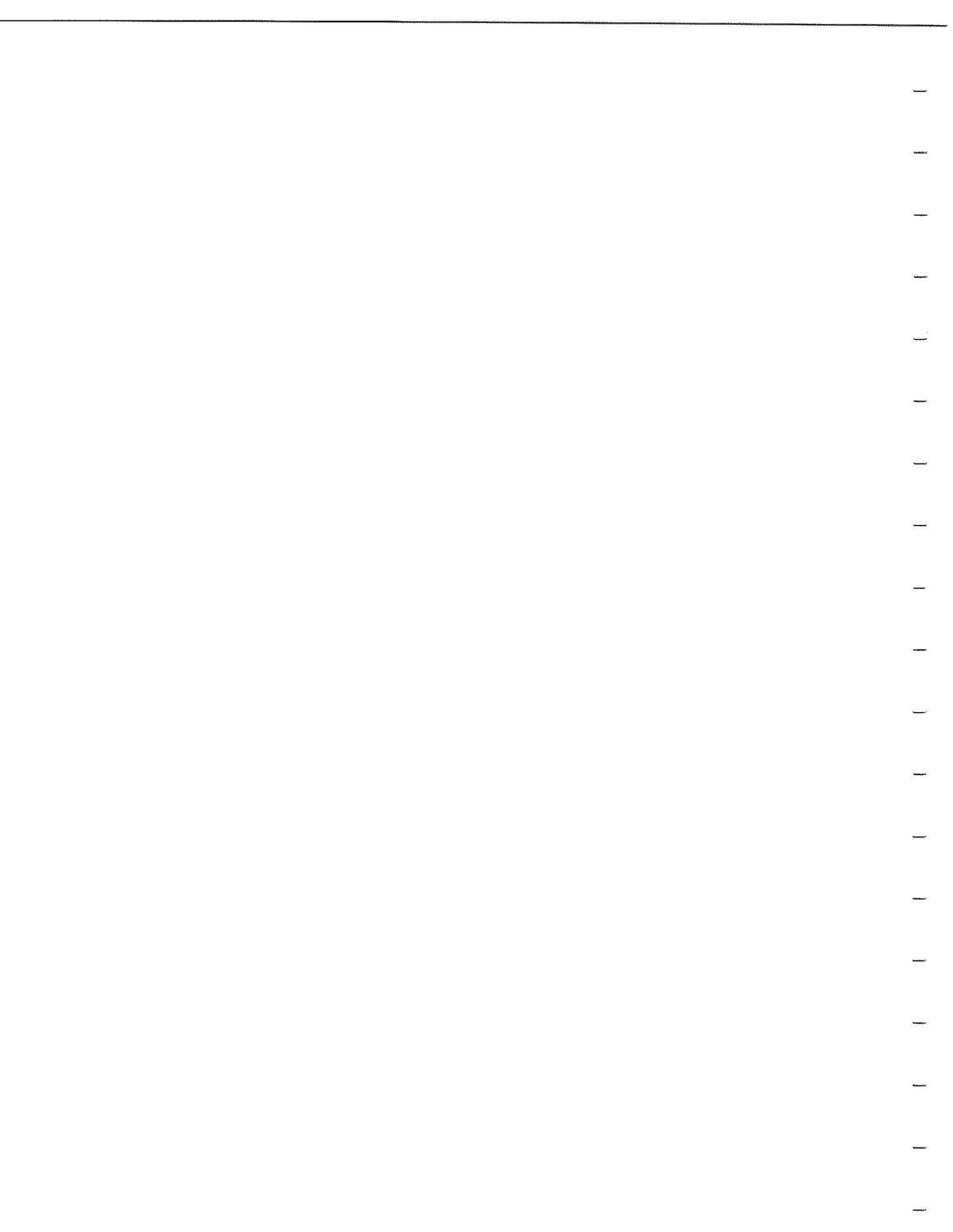
BOROUGH OF WEST CAPE MAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2014



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 January 1, 2011, the bid threshold was \$17,500. The Borough adopted the bid threshold of \$17,500.

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 Counsel's opinion should be sought before a commitment is made.

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

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.

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 on January 8, 2014 authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Borough Commissioners of the Borough of West Cape May, in the County of Cape May that pursuant to N.J.S.A. 54:4-67, the following interest rates be and are hereby fixed for property taxes and other municipal claims, which may be or may hereafter become delinquent, at 8% per annum on the first \$1,500.00 of the aggregate delinquency and 18% per annum on any amount in excess of \$1,500.00 of the aggregate delinquency.

BE IT FURTHER RESOLVED by the Board of 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 six percent (6%) 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 2014.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on December 16, 2014 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>
2014	12
2013	13
2012	12

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 2014 and 2015 Taxes	10
Delinquent Taxes	5
Current Water and Sewer Utility Rents	10
Delinquent Water and Sewer Rents	5
Total	<u>30</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2014 \$	5,221,503.60	5,081,453.69	97.32%
2013	4,837,452.27	4,696,397.32	97.08%
2012	5,185,304.03	4,990,085.79	96.24%
2011	5,260,643.59	5,069,821.30	96.37%
2010	5,119,938.16	4,902,010.04	95.74%

{This space intentionally left blank}

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 1.149	1.067	1.149	1.17	0.991
Apportionment of Tax Rate:					
Municipal	0.33	0.331	0.346	0.337	0.283
County	0.244	0.248	0.256	0.242	0.202
Local & Regional School	0.575	0.488	0.547	0.591	0.506
Assessed Valuation	452,799,922	451,352,424	450,318,466	448,315,357	515,688,263

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2014 \$	149,230.99	111,971.73	261,202.72	5.00%
2013	139,693.41	113,081.75	252,775.16	5.23%
2012	132,518.29	166,277.13	298,795.42	5.76%
2011	116,097.17	170,621.95	286,719.12	5.45%
2010	102,664.76	185,954.10	288,618.86	5.64%

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 there were some instances where the municipal funds were not deposited within the mandated time.

{This space intentionally left blank}

RECOMMENDATIONS

1. The General Ledger should be reconciled on a monthly basis with the sub-ledgers. *
2. That no commitment be made or expenditure approved for payment unless there is a sufficient balance in the proper budget line item.
3. That expenditures be posted in a timely manner into the Borough's accounting software.
4. That all inter-fund balances be liquidated at year end.
5. All monies collected be deposited within 48 hours after receipt in accordance with N.J.S.A. 40A:5-15.

*Similar recommendation previously made.

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

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

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

Leon P. Costello

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

June 30, 2015