

BOROUGH OF WEST CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2015

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BOROUGH OF WEST CAPE MAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable Mayor and
Members of Borough 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, 2015 and 2014, 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, 2015, 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 Borough'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 Borough'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, 2015 and 2014, or changes in financial position for the years then ended.

Qualified 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, 2015 and 2014, 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, 2015 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. 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016 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.

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, 2016

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 790,933.53	555,446.05
Cash - Collector	279,471.49	946,875.03
Cash - Change	100.00	100.00
Total Cash	<u>1,070,505.02</u>	<u>1,502,421.08</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	888.95	1,138.95
Total Other Receivables	<u>888.95</u>	<u>1,138.95</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	124,724.88	111,971.73
Tax Title and Other Liens	162,417.02	149,230.99
Property Acquired for Taxes - at Assessed Valuation	230,782.00	230,782.00
Revenue Accounts Receivable	850.64	1,791.57
Interfund Receivable:		
Grant Fund	180,049.13	-
General Capital Fund	424.83	-
Utility Operating Fund	-	-
Due from Dog Fund	962.71	2,599.01
Due from Tax Title Lien	1.74	-
Trust - Escrow	-	-
Total Receivables and Other Assets	<u>700,212.95</u>	<u>496,375.30</u>
Deferred Charges:		
Special Emergency Appropriation	-	2,000.00
Overexpenditure of Appropriations	-	2,913.83
Operating Deficit	656.69	-
Total Deferred Charges	<u>656.69</u>	<u>4,913.83</u>
Total Regular Fund	<u>1,772,263.61</u>	<u>2,004,849.16</u>
Federal and State Grant Fund:		
Cash	-	-
Due from Current Fund	-	56,639.30
Federal and State Grants Receivable	369,122.80	178,692.17
Total Federal and State Grant Fund	<u>369,122.80</u>	<u>235,331.47</u>
Total Current Fund	<u>\$ 2,141,386.41</u>	<u>2,240,180.63</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 118,438.24	104,795.97
Reserve for Encumbrances/Accounts Payable	42,107.06	34,174.33
Payroll Taxes Payable	4,383.22	-
Prepaid Taxes	92,437.25	52,981.99
Overpaid Taxes	27,235.77	21,575.97
Local School Tax Payable	-	0.02
Regional School Tax Payable	-	-
County Added Tax Payable	3,414.76	4,006.63
Due to State:		
Marriage Licenses	25.00	25.00
Interfund Payable:		
Escrow Trust	1,919.48	8,351.25
POAA Trust	2.00	327.00
Dog Trust	-	-
Grant Fund	-	56,639.30
General Capital	-	136,242.45
Unemployment Trust	534.73	534.73
Utility Operating	141,427.73	147,073.84
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
	<u>457,106.02</u>	<u>591,909.26</u>
Reserve for Receivables and Other Assets	700,212.95	496,375.30
Fund Balance	614,944.64	916,564.60
Total Regular Fund	<u>1,772,263.61</u>	<u>2,004,849.16</u>
Federal and State Grant Fund:		
Unappropriated Reserves	17,821.47	19,845.29
Appropriated Reserves	162,963.60	213,615.08
Encumbrances Payable	6,464.50	47.00
Due to Current Fund	180,049.13	-
Due to HUD	1,824.10	1,824.10
Total Federal and State Grant Fund	<u>369,122.80</u>	<u>235,331.47</u>
Total Current Fund	<u>\$ 2,141,386.41</u>	<u>2,240,180.63</u>

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

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ 372,400.00	300,000.00
Miscellaneous Revenue Anticipated	547,420.69	433,999.84
Receipts from Delinquent Taxes	113,338.98	119,961.39
Receipts from Current Taxes	5,112,418.03	5,081,453.69
Non Budget Revenue	57,974.12	52,607.88
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	65,576.40	159,607.23
Interfund Returned	2,599.01	41,294.13
Tax Over Payments Canceled	-	-
Total Income	6,271,727.23	6,188,924.16
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	437,600.00	420,306.78
Other Expenses	885,921.00	866,028.00
Deferred Charges & Statutory Expenditures	87,892.83	80,714.05
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	768,190.06	633,498.09
Capital Improvements	10,000.00	10,000.00
Debt Service	104,818.00	92,700.00
Deferred Charges	2,000.00	2,000.00
Local District School Tax	956,594.96	873,203.00
Regional District School Tax	1,657,297.50	1,516,927.50
County Tax	1,087,416.96	1,095,886.98
County Share of Added Tax	3,414.76	4,006.63
Interfund Created	180,457.81	-
Other:		
Grant Balances Cancelled, Net	20,000.00	20,000.00
Total Expenditures	6,201,603.88	5,615,271.03
Excess in Revenue	70,123.35	573,653.13

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

	2015	2014
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	656.69	2,913.83
Emergency Appropriation		
Total Adjustments	656.69	2,913.83
Statutory Excess to Fund Balance	70,780.04	576,566.96
Fund Balance January 1	916,564.60	639,997.64
	987,344.64	1,216,564.60
Decreased by:		
Utilization as Anticipated Revenue	372,400.00	300,000.00
Fund Balance December 31	\$ 614,944.64	916,564.60

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 372,400.00	-	372,400.00	-
Total Fund Balance Anticipated	<u>372,400.00</u>	<u>-</u>	<u>372,400.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	30,000.00	-	29,887.50	(112.50)
Fines and Costs:				
Municipal Court	18,108.00	-	14,925.54	(3,182.46)
Interest and Costs on Taxes	24,000.00	-	22,852.71	(1,147.29)
Total Section A: Local Revenues	<u>72,108.00</u>	<u>-</u>	<u>67,665.75</u>	<u>(4,442.25)</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	89,303.00	-	89,303.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>89,303.00</u>	<u>-</u>	<u>89,303.00</u>	<u>-</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations :				
Recycling Tonnage Grant	2,199.89	-	2,199.89	-
Alcohol Education and Rehabilitation Fund	295.40	-	295.40	-
Clean Communities	-	5,509.77	5,509.77	-
Title DCA - Small Cities Block Grant - Receivable	-	125,000.00	125,000.00	-
New Jersey DOT - Municipal Grant	-	175,000.00	175,000.00	-
Total Section F: Special Items - Public and Private Programs	<u>2,495.29</u>	<u>305,509.77</u>	<u>308,005.06</u>	<u>-</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Cape May City Lease	37,449.00	-	(2.12)
Liquor License Trust Surplus	45,000.00	-	-
Total Section G: Other Special Items	<u>82,449.00</u>	<u>-</u>	<u>(2.12)</u>
Total Miscellaneous Revenues:	246,355.29	305,509.77	(4,444.37)
Receipts from Delinquent Taxes	120,000.00	-	(6,661.02)
Amount to be Raised by Taxes for Support of Municipal Budget	1,504,543.28	-	137,060.48
Local Tax for Municipal Purposes	<u>1,504,543.28</u>	<u>-</u>	<u>137,060.48</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	2,243,298.57	305,509.77	125,955.09
Budget Totals	<u>2,243,298.57</u>	<u>305,509.77</u>	<u>183,929.21</u>
Non- Budget Revenues:			
Other Non- Budget Revenues:	-	-	57,974.12
	<u>2,243,298.57</u>	<u>305,509.77</u>	<u>183,929.21</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	5,112,418.03
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	5,112,418.03
Allocated to:	
School, County and Other Taxes	<u>3,723,018.72</u>
Balance for Support of Municipal Budget Appropriations	1,389,399.31
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>252,204.45</u>
Amount for Support of Municipal Budget Appropriations	<u><u>1,641,603.76</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	106,667.73
Tax Title Lien Collections	<u>6,671.25</u>
Total Receipts from Delinquent Taxes	<u><u>113,338.98</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Campground and Trailer Park Fees	9,240.00
CMC Election Reimbursements	2,900.00
Comcast Franchise Fee	9,874.04
Dunbar Reimbursement	2,164.82
FEMA 2009	381.35
Insurance Rebate	1,961.26
Interest on Investments	988.21
Liquor License	2,500.00
Miscellaneous	47.61
Restitution	270.00
Sale of Borough Assets	698.38
Sr & Vet Admin Fee	240.00
Street Opening	10,495.00
USAA Settlement	4,592.45
Vital Statistics	996.00
Wedding Fees	4,220.00
Zoning Approvals	6,405.00
	<u>57,974.12</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>57,974.12</u></u>
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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	\$ 13,300.00	15,350.00	15,350.00	-	-	-
Other Expenses	2,000.00	2,000.00	170.00	65.00	1,765.00	-
Fire						
Other Expenses						
Miscellaneous Other Expenses	29,000.00	29,000.00	25,089.12	2,536.84	1,374.04	-
Aid to Vol Fire Company	47,000.00	47,000.00	37,629.38	9,344.75	25.87	-
Police						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Municipal Prosecutor						
Salaries and Wages	7,300.00	7,300.00	7,035.81	-	264.19	-
Emergency Management Services						
Salaries and Wages	2,300.00	2,600.00	2,016.57	-	583.43	-
Other Expenses	2,000.00	2,000.00	388.85	702.00	909.15	-
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	-	142.50	357.50	-
Dog Regulation						
Other Expenses	9,500.00	4,500.00	3,886.80	613.20	-	-
Municipal Court						
Salaries and Wages	83,000.00	79,000.00	78,519.93	-	480.07	-
Other Expenses	6,700.00	6,700.00	4,764.07	1,065.80	870.13	-
Public Defender						
Salaries and Wages	4,400.00	4,400.00	4,202.10	-	197.90	-
Celebration of Public Events, Anniversary, Holidays						
Other Expenses	1,500.00	500.00	-	-	500.00	-
Emergency Medical Services - Contractual						
Public Employee Awards Program	68,000.00	68,000.00	35,538.81	354.71	32,106.48	-
(N.J.S.A. 40A:9-18)(N.J.S.A. 40A5-31)	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, 2015**

	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	18,200.00	17,500.00	17,484.56	-	15.44	-
Other Expenses	10,000.00	7,000.00	4,029.49	329.00	2,641.51	-
Financial Administration						
Salaries and Wages	36,900.00	30,900.00	19,238.56	-	11,661.44	-
Other Expenses						
Audit Services	23,000.00	23,000.00	22,300.00	-	700.00	-
Miscellaneous Other Expenses	8,000.00	7,000.00	5,032.32	257.11	1,710.57	-
Borough Clerk						
Salaries and Wages	72,400.00	72,400.00	70,973.74	-	1,426.26	-
Other Expenses	16,000.00	11,000.00	9,080.06	65.00	1,854.94	-
Elections						
Other Expenses	5,000.00	3,000.00	2,904.09	-	95.91	-
Assessment of Taxes						
Salaries and Wages	12,000.00	11,700.00	11,055.67	-	644.33	-
Other Expenses	1,000.00	1,000.00	243.86	-	756.14	-
Collection of Taxes						
Salaries and Wages	31,700.00	37,000.00	37,000.00	-	-	-
Other Expenses	2,000.00	2,000.00	1,896.79	-	103.21	-
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	200.00	200.00	-	-	200.00	-
Legal Services and Costs						
Other Expenses	100,000.00	110,000.00	99,431.70	6,527.31	4,040.99	-
Municipal Land Use Law (NJSA 40:55D-1)						
Planning & Zoning Board						
Salaries and Wages	7,900.00	7,900.00	7,611.50	-	288.50	-
Other Expenses	4,000.00	3,000.00	1,253.48	-	1,746.52	-
Code Enforcement Officer						
Salaries and Wages	12,000.00	12,200.00	12,154.48	-	45.52	-
Other Expenses	1,100.00	1,100.00	169.95	-	930.05	-
Zoning Officer						
Salaries and Wages	8,200.00	8,200.00	7,979.10	-	220.90	-
Other Expenses	700.00	700.00	50.00	65.00	585.00	-
Grant Coordinator						
Contractual	10,000.00	12,000.00	7,621.62	-	4,378.38	-
Insurance						
General Liability	28,198.00	28,198.00	25,818.30	-	2,379.70	-
Workers Compensation Insurance	58,823.00	58,823.00	58,527.69	-	295.31	-
Employee Group Health	140,000.00	140,000.00	140,000.00	-	-	-

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, 2015**

	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	8,500.00	1,310.00	-	7,190.00	-
Other Expenses						
DEPARTMENT OF PUBLIC WORKS, PARKS AND RECREATION						
Director's Office						
Salaries and Wages	13,300.00	13,450.00	13,261.35	-	188.65	-
Other Expenses	2,000.00	5,000.00	1,984.87	184.29	2,830.84	-
Public Buildings and Grounds						
Other Expenses	36,500.00	36,500.00	28,698.15	3,298.16	4,503.69	-
Road Repairs and Maintenance						
Salaries and Wages	79,000.00	79,000.00	79,000.00	-	-	-
Other Expenses	11,000.00	11,000.00	6,456.19	2,326.82	2,216.99	-
Engineering						
Other Expenses	1,000.00	-	-	-	-	-
Recreation						
Other Expenses	300.00	300.00	-	-	300.00	-
Garbage and Trash Removal						
Other Expenses	115,000.00	115,000.00	110,452.78	2,222.07	2,325.15	-
Recycling						
Salaries and Wages	35,500.00	38,500.00	38,500.00	-	-	-
Other Expenses	9,500.00	9,500.00	3,203.94	4,024.27	2,271.79	-
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	-	-	500.00	-
UNCLASSIFIED						
Other Expenses	25,000.00	28,000.00	24,463.00	824.15	2,712.85	-

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, 2015**

	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	33,830.12	2,603.41	5,566.47	-
Street Lighting	25,000.00	28,000.00	24,654.95	2,333.80	1,011.25	-
Telephone	12,000.00	12,000.00	10,421.33	697.28	881.39	-
Fuel Oil & Gasoline	12,000.00	12,000.00	7,760.64	506.59	3,732.77	-
Postage	7,000.00	7,000.00	5,981.64	1,018.00	0.36	-
TOTAL OPERATIONS WITHIN "CAPS"	1,323,521.00	1,323,521.00	1,166,427.36	42,107.06	114,986.58	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,323,521.00	1,323,521.00	1,166,427.36	42,107.06	114,986.58	-
Detail:						
Salaries and Wages	437,600.00	437,600.00	421,383.37	-	16,216.63	-
Other Expenses	885,921.00	885,921.00	745,043.99	42,107.06	98,769.95	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriations	2,913.83	2,913.83	2,913.83	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	45,479.00	45,479.00	45,479.00	-	-	-
Social Security System (O.A.S.I.)	34,000.00	34,000.00	31,987.69	-	2,012.31	-
Unemployment Compensation Insurance	3,000.00	3,000.00	2,465.61	-	534.39	-
Defined Contribution Retirement Program	2,500.00	2,500.00	1,595.04	-	904.96	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	87,892.83	87,892.83	84,441.17	-	3,451.66	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,411,413.83	1,411,413.83	1,250,868.53	42,107.06	118,438.24	-

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, 2015**

	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"						
Interlocal Municipal Service Agreements						
Cape May City Interlocal Services Agreements	458,185.00	458,185.00	458,185.00	-	-	-
Police Protection Contractual	<u>458,185.00</u>	<u>458,185.00</u>	<u>458,185.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	2,199.89	2,199.89	2,199.89	-	-	-
Alcohol Education and Rehabilitation Fund	295.40	295.40	295.40	-	-	-
Matching Funds for Grants	2,000.00	2,000.00	2,000.00	-	-	-
Clean Communities	-	5,509.77	5,509.77	-	-	-
Title DCA - Small Cities Block Grant - Receivable	-	125,000.00	125,000.00	-	-	-
New Jersey DOT Municipal Grant	-	175,000.00	175,000.00	-	-	-
Total Public and Private Programs Off-Set by Revenues	<u>4,495.29</u>	<u>310,005.06</u>	<u>310,005.06</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	462,680.29	768,190.06	768,190.06	-	-	-
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	462,680.29	768,190.06	768,190.06	-	-	-
(C) Capital Improvements						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	-	-
Total Capital Improvements	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00	-	-	-
Interest on Notes	5,000.00	5,000.00	4,818.00	-	-	182.00
Total Debt Service	<u>105,000.00</u>	<u>105,000.00</u>	<u>104,818.00</u>	<u>-</u>	<u>-</u>	<u>182.00</u>
(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>

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, 2015**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	579,680.29	885,190.06	885,008.06	-	182.00
SUBTOTAL GENERAL APPROPRIATIONS	1,991,094.12	2,296,603.89	2,135,876.59	42,107.06	182.00
(M) Reserve for Uncollected Taxes	252,204.45	252,204.45	252,204.45	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 2,243,298.57	2,548,808.34	2,388,081.04	42,107.06	182.00
Budget		2,243,298.57			182.00
Appropriations by 40A:4-87		305,509.77			-
Emergency Appropriations		-			182.00
		<u>2,548,808.34</u>			<u>182.00</u>
Reserve for Uncollected Taxes		252,204.45			
Federal and State Grants		310,005.06			
Deferred Charges		4,913.83			
Capital Improvement Fund		-			
Disbursements		1,820,957.70			
		<u>2,388,081.04</u>			<u>182.00</u>

The Accompanying Notes to the Financial Statements are an
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EXHIBIT - B
TRUST FUND

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

	2015	2014
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 2,182.91	3,950.81
	2,182.91	3,950.81
<u>Other Funds</u>		
Cash and Investments	1,021,010.67	1,055,462.50
Due from COAH :		
Other Trust	-	25,673.13
Due from Current Fund:		
Unemployment Compensation	534.73	534.73
Other Trust Accounts	1,925.28	8,351.25
POAA Trust	2.00	327.00
Engineering Escrow	-	-
	1,023,472.68	1,090,348.61
	\$ 1,025,655.59	1,094,299.42

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,

	2015	2014
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 1,220.20	1,351.80
Due to Current Fund	962.71	2,599.01
	2,182.91	3,950.81
<u>Other Funds</u>		
Due to Current Fund - Other Trust	5.80	-
Due to Current Fund - TTL Redemption	1.74	
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	70,007.80	69,490.15
Reserve for TTL Redemption	36,827.30	123,114.00
Reserve for POAA Trust	353.01	327.00
Reserve for COAH	259,270.52	191,583.55
Reserve for Public Assistance	-	6,062.27
Reserve for Liquor License	481,124.43	525,833.54
Reserve for Other Trust Accounts	135,347.35	107,730.24
	1,023,472.68	1,090,348.61
	\$ 1,025,655.59	1,094,299.42

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>2015</u>	<u>2014</u>
Cash	\$ 903,510.96	660,931.03
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	908,702.00	756,952.00
Interfunds and Receivables		
Due from FEMA - Ordinance 499-15	75,000.00	-
Due from Trust Other - COAH	40,000.00	40,000.00
Due from Current Fund	53,757.42	190,424.70
	<u>1,980,970.38</u>	<u>1,648,307.73</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	529,698.50	528,862.00
Interfunds:		
Due to Current Fund	54,182.25	54,182.25
Bond Anticipation Notes Payable	880,000.00	730,000.00
Improvement Authorizations:		
Funded	58,466.73	61,751.81
Unfunded	253,729.23	65,368.00
Reserve for Capital Projects	535.28	535.28
Reserve to Pay Notes	190,756.00	190,756.00
Capital Improvement Fund	13,400.00	16,650.00
Fund Balance	202.39	202.39
	<u>\$ 1,980,970.38</u>	<u>1,648,307.73</u>

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

2014	26,952.00
2015	28,702.00

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

	<u>2015</u>	<u>2014</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>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,598,064.97	1,662,354.17
Due from Current	141,427.73	147,073.84
	<u>1,739,492.70</u>	<u>1,809,428.01</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	39,721.82	36,644.03
	<u>39,721.82</u>	<u>36,644.03</u>
Deferred Charges:		
Overexpenditures of Appropriations	-	110.79
	<u>-</u>	<u>110.79</u>
Total Operating Fund	<u>1,779,214.52</u>	<u>1,846,182.83</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	1,246,112.61	1,331,244.13
Total Capital Fund	<u>9,822,135.61</u>	<u>9,907,267.13</u>
	<u>\$ 11,601,350.13</u>	<u>11,753,449.96</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Operating Fund:		
Appropriation Reserves	\$ 23,558.11	88,242.22
Reserve for Encumbrances	30,208.69	2,591.00
Accounts Payable	-	35,210.20
Due to Water & Sewer Capital Fund	1,246,112.61	1,331,244.13
Utility Overpayments	2,879.35	2,699.64
Utility Prepayments	9,141.48	12,467.47
Accrued Interest on Bonds and Notes	25,386.62	25,953.38
	<u>1,337,286.86</u>	<u>1,498,408.04</u>
Reserve for Receivables	39,721.82	36,644.03
Fund Balance	402,205.84	311,130.76
	<u>1,779,214.52</u>	<u>1,846,182.83</u>
Total Operating Fund		
	<u>1,779,214.52</u>	<u>1,846,182.83</u>
Capital Fund:		
Encumbrance Payable	21,745.75	47,073.06
Bond Anticipation Notes Payable	2,635,000.00	2,770,000.00
USDA Bonds/Loans Payable	1,524,766.91	1,553,155.84
Improvement Authorizations:		
Funded	-	-
Unfunded	1,312,635.86	1,372,440.07
Reserve for Amortization	4,070,908.09	3,907,519.16
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
	<u>9,822,135.61</u>	<u>9,907,267.13</u>
Total Capital Fund	<u>9,822,135.61</u>	<u>9,907,267.13</u>
	<u>11,601,350.13</u>	<u>11,753,449.96</u>
	<u>\$ 11,601,350.13</u>	<u>11,753,449.96</u>

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

2014	5,800.00
2015	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>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 50,610.79	35,500.00
Water Rents	534,082.85	475,007.83
Sewer Rents	459,260.69	448,316.28
Miscellaneous Revenue Anticipated	7,197.44	9,609.61
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	14,743.93	15,793.98
Cancellation Prior Year Accounts Payable	35,210.20	-
Total Income	<u>1,101,105.90</u>	<u>984,227.70</u>
Expenditures		
Operations	703,000.00	699,500.00
Debt Service	248,309.24	231,114.58
Statutory Expenses	8,110.79	7,610.79
Total Expenditures	<u>959,420.03</u>	<u>938,225.37</u>
Excess in Revenue	<u>141,685.87</u>	<u>46,002.33</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>-</u>	<u>110.79</u>
Excess in Operations	<u>141,685.87</u>	<u>46,113.12</u>
Fund Balance January 1	<u>311,130.76</u>	<u>300,517.64</u>
Decreased by:	452,816.63	346,630.76
Utilization as Anticipated Revenue	<u>50,610.79</u>	<u>35,500.00</u>
Fund Balance December 31	<u>\$ 402,205.84</u>	<u>311,130.76</u>

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

	<u>2015</u>	<u>2014</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, 2015**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 50,610.79	50,610.79	-
Water Rents	470,000.00	534,082.85	64,082.85
Sewer Rents	440,000.00	459,260.69	19,260.69
Miscellaneous	8,000.00	7,197.44	(802.56)
	<u>\$ 968,610.79</u>	<u>1,051,151.77</u>	<u>82,540.98</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:
Current Collections

978,176.43

978,176.43

Miscellaneous Revenue

Miscellaneous

7,197.44

7,197.44

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 93,000.00	101,025.00	100,096.52	-	928.48	-
Other Expenses	610,000.00	601,975.00	549,978.76	30,208.69	21,787.55	-
	<u>703,000.00</u>	<u>703,000.00</u>	<u>650,075.28</u>	<u>30,208.69</u>	<u>22,716.03</u>	<u>-</u>
Debt Service:						
Payment of Bond Anticipation Notes	135,000.00	135,000.00	135,000.00	-	-	-
Interest on Notes	24,000.00	24,000.00	17,715.24	-	-	6,284.76
USDA Principal & Interest	98,500.00	98,500.00	95,594.00	-	-	2,906.00
	<u>257,500.00</u>	<u>257,500.00</u>	<u>248,309.24</u>	<u>-</u>	<u>-</u>	<u>9,190.76</u>
Deferred Charges and Statutory Expenditures:						
Overexpenditure of Appropriations	110.79	110.79	110.79	-	-	-
Social Security System	8,000.00	8,000.00	7,157.92	-	842.08	-
	<u>8,110.79</u>	<u>8,110.79</u>	<u>7,268.71</u>	<u>-</u>	<u>842.08</u>	<u>-</u>
	<u>968,610.79</u>	<u>968,610.79</u>	<u>905,653.23</u>	<u>30,208.69</u>	<u>23,558.11</u>	<u>9,190.76</u>
Statement of Expenditures:						
Accrued Interest on Bonds			113,309.24			
Deferred Charge			110.79			
Due to Current - Social Security			1,409.39		Over expended	
Disbursed			790,823.81		Canceled	
			<u>905,653.23</u>			<u>9,190.76</u>
						<u>9,190.76</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>2015</u>	<u>2014</u>
<u>General Fixed Assets</u>		
Land and Land Improvements	\$ 341,726.00	341,726.00
Buildings	1,537,918.00	1,537,918.00
Machinery and Equipment	1,240,549.80	1,180,682.00
	<u>3,120,193.80</u>	<u>3,060,326.00</u>
 Investment in General Fixed Assets	 3,120,193.80	 3,060,326.00
	<u>\$ 3,120,193.80</u>	<u>3,060,326.00</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014**

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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "Certain External Investment Pools and Pool Participants". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$252,204.45 and \$258,137.15. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$372,400.00 and \$300,000.00. 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 2015 and 2014 statutory budgets was \$50,610.79 and \$35,500.00.

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 2015 and 2014 calendar years:

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 2015, the Borough's Commission approved total budget insertions of \$305,509.77. The Borough's Commission approved total budget insertions in the amount of \$183,533.32 during the 2014 calendar year. The following schedule details the significant budget insertions:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Clean Communities	5,509.77	4,533.32
Sustainable Jersey Small Grants Program	-	4,000.00
NJ Forest Service Community Forestry Program	-	3,000.00
Title DCA - Small Cities Block Grant	125,000.00	
New Jersey DOT - Municipal Grant	175,000.00	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 2014 or 2015. 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 balance was paid off in 2015.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3: INVESTMENTS

As of December 31, 2015 and 2014, 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.

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, 2015, \$1,034,460.26 of the government's bank balance of \$4,645,767.85 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, 2015 and 2014:

	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>
	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land Improvements	\$ 341,726.00	-	-	341,726.00
Building	1,537,918.00	-	-	1,537,918.00
Equipment and Machinery	1,180,682.00	8,500.00	51,367.80	1,240,549.80
	<u>\$ 3,060,326.00</u>	<u>8,500.00</u>	<u>51,367.80</u>	<u>3,120,193.80</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 6: SHORT-TERM OBLIGATIONS

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

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General	\$ 730,000.00	880,000.00	730,000.00	880,000.00
Utility	2,770,000.00	2,635,000.00	2,770,000.00	2,635,000.00
	<u>\$ 3,500,000.00</u>	<u>3,515,000.00</u>	<u>3,500,000.00</u>	<u>3,515,000.00</u>

The General note was issued on 09/24/15 in the amount of \$880,000.00 and is due and payable on 09/23/16 with interest at 0.70%. The Water and Sewer Utility Note was also issued on 09/24/15 in the amount of \$2,635,000.00 and is due on 09/23/16 with an interest rate of 0.70%. As of December 31, 2015 the Borough has authorized but not issued bonds in the amount of \$28,702.00 and \$5,800.00 in the General Capital Fund and Water and Sewer Utility Capital Fund respectively.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	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>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ -	-	-	-	-
Utility	1,553,155.84	-	28,388.93	1,524,766.91	28,480.70
Total	<u>\$ 1,553,155.84</u>	<u>-</u>	<u>28,388.93</u>	<u>1,524,766.91</u>	<u>28,480.70</u>
Other liabilities:					
Compensated Absences Payable	\$ 25,784.80	3,546.61	4,932.91	24,398.50	-
Total long-term liabilities	<u>\$ 1,578,940.64</u>	<u>3,546.61</u>	<u>33,321.84</u>	<u>1,549,165.41</u>	<u>28,480.70</u>

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

At December 31, 2015, 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, 2015 is \$501,971.19.

\$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, 2015 is \$167,267.54.

\$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 \$855,528.18.

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

Year	Utility Fund	
	Principal	Interest
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	63,078.89
2020	33,983.97	61,610.03
2021-2025	194,400.67	283,569.33
2026-2030	242,553.20	235,416.81
2031-2035	247,904.86	178,604.67
2036-2040	267,232.04	150,926.96
2041-2045	297,769.49	62,957.95
2046-2050	119,050.56	11,556.68
	<u>1,524,766.91</u>	<u>1,245,146.31</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

As of December 31, 2015, 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 \$4,818.00 and to the Water and Sewer Utility budget was \$17,715.24.

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 880,000.00	\$ 730,000.00	\$ 270,000.00
Utility - Bonds and Notes	4,159,766.91	4,323,155.84	4,462,313.21
Total Issued	<u>5,039,766.91</u>	<u>5,053,155.84</u>	<u>4,732,313.21</u>
Less :			
Funds Temporarily Held to Pay Bonds and Notes			
General	190,756.00	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>328,610.00</u>	<u>235,585.00</u>
Net Debt Issued	<u>4,711,156.91</u>	<u>4,724,545.84</u>	<u>4,496,728.21</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	28,702.00	26,952.00	576,952.00
Utility - Bonds and Notes	5,800.00	5,800.00	5,800.00
Total Authorized But Not Issued	<u>34,502.00</u>	<u>32,752.00</u>	<u>582,752.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 4,745,658.91</u>	<u>\$ 4,757,297.84</u>	<u>\$ 5,079,480.21</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 .166%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 180,000.00	180,000.00	-
Regional School District Debt	296,315.24	296,315.24	-
Utility Debt	4,165,566.91	4,165,566.91	-
General Debt	908,702.00	190,756.00	717,946.00
	<u>5,550,584.15</u>	<u>4,832,638.15</u>	<u>717,946.00</u>

Net Debt \$717,946.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$433,327,856.00 = .166%.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	15,166,475.00
Net Debt		717,946.00
Remaining Borrowing Power	\$	<u>14,448,529.00</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>2016</u>	<u>2015</u>
Current Fund	\$	354,000.00	372,400.00
Water/Sewer Utility		65,000.00	50,610.79

As of the date of this audit, the Borough has adopted their 2016 municipal budget and the amount of fund balance appropriated for 2016 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, 2015, the following deferred charges are shown on the balance sheets of various funds:

	Balance December 31, 2015	2016 Budget Appropriation	Balance to Succeeding
Current fund:			
Operating Deficit	\$ 656.69	656.69	-
	<u>656.69</u>	<u>656.69</u>	<u>-</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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>12/31/2015</u>	School Tax Balance <u>12/31/2014</u>
School Tax Payable - Local School	\$ 512,701.00	\$ 443,893.98
School Tax Payable - Regional School	803,390.96	853,903.46
School Tax Deferred - Local School	512,701.00	443,893.96
School Tax Deferred - Regional School	803,390.96	853,903.46
 Tax Payable	 <u>\$ -</u>	 <u>\$ 0.02</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>12/31/15</u>	Balance <u>12/31/14</u>
Prepaid Taxes	<u>\$ 92,437.25</u>	<u>\$ 52,981.99</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 92,437.25</u>	<u>\$ 52,981.99</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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>.

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 6.92% through June 30, 2015 and 7.06% 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 10.85% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$45,479.00, \$38,610.00 and \$43,796.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$529,592.71, \$494,758.61 and \$445,072.61. Payroll covered by PERS was \$419,199.00, \$413,279.00, and \$361,367.00.

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

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.
- 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 $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the 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 $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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: PENSION LIABILITIES

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

The following represents the Borough's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The Borough has a liability of \$1,303,121.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion would be 0.00580506620%, which would be an increase of 5.23% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$106,837.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 31,088.00	
Changes of assumptions	139,945.00	
Changes in proportion	97,519.00	(20,952.00)
Net difference between projected and actual earnings on pension plan investments		-
Total	\$ 268,552.00	(20,952.00)

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

Year ended June 30,			
2016	\$	46,284.75	
2017		46,284.75	
2018		46,284.75	
2019		69,478.33	
2020		39,267.42	
Total	\$	<u>247,600.00</u>	

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 1,572,158.24	1,303,121.00	1,077,936.53

Pension plan fiduciary net position

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

NOTE 14: 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, 2015, 2014, and 2013 were \$0, \$2,159.70 and \$4,676.76 respectively. The one employee who was receiving post-retirement benefits passed away in 2014.

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 15: 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, 2015, the Borough estimates this liability to approximate \$24,398.50 based on 2015 pay rates and compensated absence balances. At December 31, 2014, the liability was \$25,784.80. 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 16: 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 17: 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, 2015 and 2014 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 18: 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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, the following inter-funds 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	\$ 180,049.13	-
Dog Fund	962.71	-
Trust - Other	-	1,919.48
Trust - POAA	2.00	-
Trust - TTL	1.74	-
Utility Operating	-	141,427.73
General Capital	424.83	-
Trust - Unemployment	-	534.73
Grant Fund:		
Current Fund	-	180,049.13
General Capital Fund:		
Current Fund	-	424.83
Trust - COAH	40,000.00	-
Utility Operating Fund:		
Utility Capital	-	1,246,112.61
Current Fund	141,427.73	-
Utility Capital Fund:		
Utility Operating	1,246,112.61	-
Trust Other Fund:		
Current Fund	1,919.48	-
Dog Trust Fund :		
Current Fund	-	962.71
POAA Trust Fund:		
Current Fund	-	2.00
Trust - Tax Title Lien		
Current Fund	-	1.74
Unemployment Trust Fund :		
Current Fund	534.73	-
COAH Trust Fund :		
General Capital	-	40,000.00
	\$ <u>1,611,434.96</u>	<u>1,611,434.96</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 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, 2015 AND 2014**

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.

NOTE 20: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 30, 2016, the date which the financial statements were available to be issued and identified. There was one item that required disclosure relating to a lawsuit filed by the Willow Creek Winery. A settlement was reached in which the Borough agreed to pay \$550,000.00. Furthermore, the Borough's insurance company paid half the settlement which amounted to \$275,000 and the balance remaining of \$275,000.00 is to be paid by the Borough.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable Mayor and
Members of the 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, 2015, and the related notes to the financial statements, which collectively comprise the Borough of West Cape May's basic financial statements, and have issued our report thereon dated June 30, 2016, 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 of West Cape May'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 of West Cape May'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 Borough'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 were not identified. We did identify a deficiency in internal control, which is described in the accompanying Schedule of Audit Findings and Responses that we consider to be significant deficiency as item 2015-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of West Cape May'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 Audit 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 Borough of West Cape May'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Leon P. Costello

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

June 30, 2016

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2014	\$ 555,446.05	-
Increased by Receipts:		
Tax Collector	5,892,753.02	-
Miscellaneous Revenue Anticipated	216,580.92	-
Miscellaneous Revenue Not Anticipated	57,974.27	-
Homestead Rebates	56,625.30	-
Payroll Deductions Payable	800,576.85	-
Return of Petty Cash Fund	150.00	-
Due to State - Marriage Licenses	400.00	-
Due to POAA	24.00	-
Due from Capital Fund	250,000.00	-
Due from Grant Fund	95,550.61	-
Due from State - Senior Citizens & Vets	12,000.00	-
Due from Dog Fund	2,599.01	-
Due from Utility Operating	142,837.12	-
Due from Trust - Other	1,976.90	-
Due from Current Fund	-	354,239.04
Federal and State Unallocated	-	471.47
Federal and State Receivables	-	95,079.14
	7,530,048.00	449,789.65
	8,085,494.05	449,789.65
Decreased by Disbursements:		
Current Year Appropriation	1,820,957.70	-
Prior Year Appropriations	73,393.90	-
County Taxes	1,087,416.96	-
Local District School Taxes	956,594.98	-
Regional School Taxes	1,657,297.50	-
County Taxes - Added	4,006.63	-
Payroll Deductions Paid	797,603.02	-
Issuance of Petty Cash Fund	150.00	-
Due to Water & Sewer Utility Fund	147,073.84	-
Due to State - Marriage Licenses	400.00	-
Due to POAA	351.00	-
Due to Capital Fund	386,667.28	-
Due to Grant Fund	354,239.04	-
Due to Trust - Other	8,408.67	-
Due to Current Fund	-	95,550.61
Federal and State Disbursements	-	354,239.04
	7,294,560.52	449,789.65
Balance December 31, 2015	\$ <u><u>790,933.53</u></u>	<u><u>-</u></u>

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

Balance December 31, 2014		\$	946,875.03
Increased by Receipts:			
Prepaid Taxes	92,437.25		
Taxes Receivable	5,079,657.17		
Overpayments Received	23,731.10		
Revenue Accounts Receivable	22,852.71		
Tax Title and Other Liens	6,671.25		
	5,225,349.48		5,225,349.48
			6,172,224.51
Payments to Treasurer			5,892,753.02
Balance December 31, 2015		\$	279,471.49

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2015
				2014	2015			
2014	\$ 111,971.73	-	-	-	106,667.73	-	5,304.00	(0.00)
					106,667.73		5,304.00	(0.00)
2015	-	5,238,451.34	16,348.26	52,731.99	5,059,686.04	4,130.66	13,526.03	124,724.88
	\$ 111,971.73	5,238,451.34	16,348.26	52,731.99	5,166,353.77	4,130.66	18,830.03	124,724.88

5,079,657.17 Cash Receipts
 56,625.30 Homestead Rebate
 12,000.00 Senior Citizens and Veterans
 18,071.30 Overpayments applied
5,166,353.77

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax 5,238,451.34
 Added Taxes (54:4-63.1 et. Seq.) 16,348.26
5,254,799.60

Tax Levy:
 General County Taxes 1,087,416.96
 County Added and Omitted Taxes 3,414.76
 Total County Taxes 1,090,831.72

Local School District Tax 1,025,402.00
 Additional Local School District Tax -
 Regional School District Tax 1,606,785.00

Local Tax for Municipal Purposes 1,504,543.28
 Add: Additional Tax Levied 27,237.60
1,531,780.88
5,254,799.60

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

Balance December 31, 2014		\$	149,230.99
Increased by:			
Transfers from Taxes Receivable	18,830.03		
Interest and Costs Accrued by Sale of December 15, 2015	1,027.25		
	<hr/>		<hr/>
			19,857.28
			169,088.27
Decreased by:			
Collections	6,671.25		
	<hr/>		<hr/>
			6,671.25
Balance December 31, 2015		\$	<u>162,417.02</u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by		Balance Dec. 31, 2015
			Collector	Treasurer	
Licenses:					
Other	-	29,905.50	-	29,905.50	-
Fines and Costs:					
Municipal Court	1,791.57	13,984.61	-	14,925.54	850.64
Interest and Costs on Taxes	-	22,852.71	22,852.71	-	-
Energy Receipts Tax	-	89,303.00	-	89,303.00	-
Cape May City Interlocal					
Services Agreement - Lease	-	37,446.88	-	37,446.88	-
Liquor License Trust Contribution	-	45,000.00	-	45,000.00	-
Miscellaneous Revenue Not Anticipated	-	57,974.27	-	57,974.27	-
	<u>1,791.57</u>	<u>296,466.97</u>	<u>22,852.71</u>	<u>274,555.19</u>	<u>850.64</u>
Cash Received by Treasurer				274,573.34	
Cash Received by Collector				22,852.71	
Non-Cash Miscellaneous Non-Budgeted Revenue				(18.15)	
				<u>297,407.90</u>	

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

	Balance Dec. 31, 2014	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	\$ 15.00	15.00	-	15.00	-
Other Expenses	1,273.03	273.03	-	273.03	-
Fire					
Other Expenses					
Miscellaneous Other Expenses	699.85	699.85	186.16	513.69	-
Aid to Volunteer Fire Company	15,736.17	15,736.17	15,386.97	349.20	-
Police					
Salaries and Wages	100.00	100.00	-	100.00	-
Other Expenses	100.00	100.00	-	100.00	-
Municipal Prosecutor					
Salaries and Wages	17.08	17.08	-	17.08	-
Emergency Management Services					
Salaries and Wages	202.13	202.13	-	202.13	-
Other Expenses	2,000.00	2,000.00	1,406.40	593.60	-
Board of Health					
Other Expenses	283.50	283.50	47.50	236.00	-
Emergency Medical Services - Contractual	5,698.52	16,848.52	16,822.01	26.51	-
Fire Safety Division					
Salaries and Wages	100.00	100.00	-	100.00	-
Other Expenses	100.00	100.00	-	100.00	-
Celebration of Public Events, Anniversary, Holidays					
Other Expenses	360.00	360.00	-	360.00	-
Public Employee Awards Program					
(NJSA 40A:9-18) (NJSA 40A:5-31)	200.00	200.00	-	200.00	-
Dog Regulation					
Other Expenses	2,544.29	644.29	644.29	-	-
Municipal Court					
Other Expenses	2.41	902.41	424.16	478.25	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Salaries and Wages	11.87	11.87	-	11.87	-
Other Expenses	3,886.44	3,886.44	1,117.87	2,768.57	-
Financial Administration					
Salaries and Wages	40.40	40.40	-	40.40	-
Other Expenses					
Audit Services	200.00	200.00	-	200.00	-
Miscellaneous Other Expenses	2,423.98	2,423.98	949.75	1,474.23	-
Borough Clerk					
Salaries and Wages	189.70	189.70	-	189.70	-
Other Expenses	10,143.05	10,143.05	8,632.60	1,510.45	-
Elections					
Other Expenses	161.97	161.97	-	161.97	-
Assessment of Taxes					
Salaries and Wages	4,657.63	4,657.63	-	4,657.63	-
Other Expenses	208.63	208.63	-	208.63	-
Collection of Taxes					
Other Expenses	203.50	203.50	-	203.50	-
Liquidation of Tax Title Liens					
Other Expenses	200.00	200.00	-	200.00	-
Legal Services and Costs					
Other Expenses	13,148.29	13,148.29	13,148.29	-	-
Grant Coordinator - Contractual	13,000.00	3,000.00	3,000.00	-	-
Code Enforcement Officer					
Other Expenses	4.30	4.30	-	4.30	-
Municipal Land Use (N.J.S.A. 40:55 D-1)					
Planning and Zoning Board					
Other Expenses	4,817.48	4,817.48	-	4,817.48	-
DEPARTMENT OF REVENUE AND FINANCE					
Historic Preservation					
Insurance	1,000.00	1,000.00	-	1,000.00	-
General Liability	41.75	41.75	-	41.75	-
Workers Compensation Insurance	393.01	393.01	-	393.01	-
Employee Group Health	7,076.38	7,076.38	-	7,076.38	-
Construction Code Enforcement					
Other Expenses	8,226.02	4,476.02	-	4,476.02	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY					
Director's Office					
Salaries and Wages	5.52	5.52	5.52	0.00	-
Other Expenses	6.95	606.95	32.89	574.06	-
Public Building and Grounds					
Other Expenses	383.43	2,883.43	2,883.43	(0.00)	-
Engineering					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Road Repairs and Maintenance					
Other Expenses	3,681.02	3,681.02	3,273.83	407.19	-
Garbage and Trash Removal					
Other Expenses	5,378.22	5,378.22	1,943.36	3,434.86	-
Recycling					
Other Expenses	3,926.03	3,926.03	2,486.75	1,439.28	-
Parks and Playgrounds					
Other Expenses	395.40	395.40	-	395.40	-
Recreation					
Other Expenses	15.00	15.00	-	15.00	-
Shade Tree Commission					
Other Expenses	500.00	500.00	-	500.00	-
Environmental Commission					
Other Expenses	500.00	500.00	-	500.00	-
UNCLASSIFIED					
General Office Operations					
Other Expenses	151.31	1,651.31	822.85	828.46	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	1,019.88	1,019.88	-	1,019.88	-
Street Lighting	4,282.01	4,282.01	-	4,282.01	-
Telephone	1,960.23	1,960.23	-	1,960.23	-
Fuel Oil & Gasoline	5,980.14	5,980.14	-	5,980.14	-
Postage	1,940.00	1,940.00	-	1,940.00	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
STATUTORY EXPENDITURES					
Contributions to:					
Public Employees' Retirement System	4,382.00	4,382.00	-	4,382.00	-
Unemployment Compensation Insurance	666.43	666.43	94.50	571.93	-
Defined Contribution Retirement Program	1,330.35	1,330.35	84.77	1,245.58	-
OPERATIONS EXCLUDED FROM "CAPS"					
Matching Funds for Grants	2,000.00	2,000.00	-	2,000.00	-
	<u>\$ 138,970.30</u>	<u>138,970.30</u>	<u>73,393.90</u>	<u>65,576.40</u>	<u>-</u>

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

Balance December 31, 2014			
School Tax Payable	\$	0.02	
School Tax Deferred		443,893.96	
		<u> </u>	\$ 443,893.98
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			<u>1,025,402.00</u>
			1,469,295.98
Decreased by:			
Payments			<u>956,594.98</u>
Balance December 31, 2015			
School Tax Payable		-	
School Tax Deferred		512,701.00	
		<u> </u>	<u>512,701.00</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			956,594.98
Tax Payable Ending			<u> </u>
			956,594.98
Less: Tax Payable Beginning			<u> </u>
			0.02
Amount charged to Current Year Operations			<u>\$ 956,594.96</u>

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

Balance December 31, 2014			
School Tax Payable	\$	-	
School Tax Deferred		853,903.46	
		853,903.46	\$ 853,903.46
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			1,606,785.00
			2,460,688.46
Decreased by:			
Adjustment of the Payable Payments			1,657,297.50
Balance December 31, 2015			
School Tax Payable		-	
School Tax Deferred		803,390.96	
		803,390.96	803,390.96
Current Year Liability for Local School District School Tax:			
Tax Paid			1,657,297.50
Tax Payable Ending			-
			1,657,297.50
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 1,657,297.50

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

Purpose	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Adjustments	Balance Dec. 31, 2015
STATE GRANTS:					
New Jersey Transportation Trust Fund Authority Act of 1984					
Fow Avenue	20,000.00	-	-	20,000.00	-
DOT Bike Path Grant - 2012	104,790.37	-	82,069.37	-	22,721.00
DOT Bike Path Grant - 2014	52,148.93	-	-	-	52,148.93
DOT Bike Path Grant - 2015	-	175,000.00	-	-	175,000.00
Clean Communities - 2015	-	5,509.77	5,509.77	-	-
Title DCA - Small Cities Block Grant	-	125,000.00	7,500.00	-	117,500.00
Tonnage Grant	1,752.87	-	-	-	1,752.87
Total State	<u>178,692.17</u>	<u>305,509.77</u>	<u>95,079.14</u>	<u>20,000.00</u>	<u>369,122.80</u>
	<u>\$ 178,692.17</u>	<u>305,509.77</u>	<u>95,079.14</u>	<u>20,000.00</u>	<u>369,122.80</u>

Cash	95,079.14
Unappropriated Reserves	-
	<u>95,079.14</u>

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

	Balance December 31, 2014		2015		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2015
	Reserve for	Encumbrances	Appropriations	Appropriations				
STATE GRANTS:								
New Jersey Transportation Trust								
Fund Authority Act of 1984								
Clean Communities - 2014	\$ 692.06	-	-	-	-	-	-	692.06
Clean Communities - 2015	-	-	5,509.77	-	747.28	-	-	1,687.49
Alcohol Education and Rehabilitation	3,825.07	-	295.40	-	-	3,075.00	-	4,120.47
Drunk Driving Enforcement Fund	633.30	-	-	-	-	-	-	633.30
Solid Waste Recycling	7,640.43	-	-	-	-	-	-	7,640.43
Recycling Tonnage	12,461.05	-	-	77.24	-	-	-	14,583.70
DOT Bike Path	519.25	47.00	2,199.89	-	519.25	47.00	-	-
NJ DOT Bike Path - 2014	172,000.00	-	-	-	164,661.96	-	-	7,338.04
NJ DOT Bike Path - 2015	-	-	175,000.00	-	135,112.30	-	-	39,887.70
Emergency Management Relief	2,576.25	-	-	-	2,032.26	-	-	543.99
Municipal Alliance - Local Share	2,039.90	-	2,000.00	-	-	-	-	4,039.90
Title DCA - Small Cities Block Grant	-	-	125,000.00	-	45,043.00	2,882.50	-	77,074.50
Cape May County Recycling	268.32	-	-	-	-	-	-	268.32
Cape May County MUA	3,959.45	-	-	-	4,000.00	-	-	3,959.45
Sustainable Jersey Small Grants	4,000.00	-	-	-	4,000.00	-	-	-
NJ Forest Service Community Forestry Program	3,000.00	-	-	-	2,045.75	460.00	-	494.25
Total State	<u>213,615.08</u>	<u>47.00</u>	<u>310,005.06</u>	<u>310,005.06</u>	<u>354,239.04</u>	<u>6,464.50</u>	<u>-</u>	<u>162,963.60</u>
	<u>213,615.08</u>	<u>47.00</u>	<u>310,005.06</u>	<u>310,005.06</u>	<u>354,239.04</u>	<u>6,464.50</u>	<u>-</u>	<u>162,963.60</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:					
Small Cities Program - 2002	\$ 15,645.00	-	-	-	15,645.00
Total Federal	<u>15,645.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,645.00</u>
STATE GRANTS:					
Alcohol Education Rehabilitation	295.40	295.40	-	-	-
Recycling Tonnage	2,199.89	2,199.89	-	-	-
Stormwater Management Grant	1,705.00	-	-	-	1,705.00
Drunk Driving Enforcement Fund	-	-	471.47	-	471.47
Total State	<u>4,200.29</u>	<u>2,495.29</u>	<u>471.47</u>	<u>-</u>	<u>2,176.47</u>
	<u>\$ 19,845.29</u>	<u>2,495.29</u>	<u>471.47</u>	<u>-</u>	<u>17,821.47</u>

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

Balance December 31, 2014		\$	3,950.81
Increased By Receipts:			
Dog Licenses Fees	\$	681.00	
State License Fees		60.60	
Dog Fine - Dangerous Dog		150.00	
Interest Earned		2.34	
			893.94
			4,844.75
Decreased By Disbursements:			
State License Fee		60.60	
Due to Current		2,599.01	
Interest to Current		2.23	
			2,661.84
Balance December 31, 2015		\$	2,182.91

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2014		\$	1,055,462.50
Increased By Receipts:			
Tax Title Liens	\$		46,915.04
Site Plan Escrow Deposits			62,909.04
COAH Fees			99,902.29
Public Assistance			1.63
Liquor License Trust			290.89
Due from Current			8,762.59
POAA			24.01
Other Trust Fund Receipts			79,069.13
			297,874.62
			1,353,337.12
Decreased By Disbursements:			
Tax Title Lien Redemptions			133,201.74
Site Plan Escrow Deposits Returned			62,391.39
COAH Fees			32,215.32
Public Assistance			6,063.90
Due to Current			2,002.08
Liquor License Trust			45,000.00
Other Trust Fund Disbursements			51,452.02
			332,326.45
Balance December 31, 2015		\$	1,021,010.67

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

Balance December 31, 2014		\$	1,351.80
Increased By:			
Dog Licenses Fees Collected	\$	681.00	
Due from Current		18.00	
Extra Fee - Dangerous Dog Fine		150.00	
			849.00
			2,200.80
Decreased By Disbursements:			
Excess to Current Fund		980.60	
			980.60
Balance December 31, 2015		\$	1,220.20

License Fees Collected		<u>Year</u>	
		2013	601.80
		2014	618.40
			1,220.20
	\$		1,220.20

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2014		\$	-
Increased By:			
Collected in 2015	\$	60.60	
			60.60
			60.60
Decreased By:			
Paid to State of New Jersey		60.60	
			60.60
Balance December 31, 2015		\$	-

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

Balance December 31, 2014		\$	660,931.03
Increased by:			
Due from Current Fund	386,667.28		
Budget Appropriation :			
Capital Improvement Fund	10,000.00		
Proceeds from Bond Anticipation Notes	<u>250,000.00</u>		
			<u>646,667.28</u>
			1,307,598.31
Decreased by:			
Improvement Authorizations	154,087.35		
Paydown of Bond Anticipation Notes	<u>250,000.00</u>		
			<u>404,087.35</u>
Balance December 31, 2015		\$	<u><u>903,510.96</u></u>

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

Balance December 31, 2014		\$	16,650.00
Increased by:			
Budget Appropriation	<u>10,000.00</u>		<u>10,000.00</u>
			26,650.00
Decreased by:			
Improvement Authorizations Funded	<u>13,250.00</u>		<u>13,250.00</u>
Balance December 31, 2015		\$	<u><u>13,400.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Raised in 2015 Budget	Debt Issued	Balance Dec. 31, 2015	Analysis of Balance		Unexpended Improvement Authorizations
							Bond Anticipation Notes	Expenditures	
406-07	Various Improvements	\$ 2,202.00	-	-	-	2,202.00	-	-	2,202.00
471-12	Various Improvements	180,000.00	-	50,000.00	-	130,000.00	130,000.00	-	-
483-13	Acquisition of Fire Truck/PW Vehicle	574,750.00	-	50,000.00	-	524,750.00	500,000.00	3,104.00	21,646.00
499-15	Various Improvements	-	251,750.00	-	-	251,750.00	250,000.00	-	1,750.00
		<u>\$ 756,952.00</u>	<u>251,750.00</u>	<u>100,000.00</u>	<u>-</u>	<u>908,702.00</u>	<u>860,000.00</u>	<u>3,104.00</u>	<u>25,598.00</u>

Improvement Authorizations Unfunded \$ 253,729.23
 Less: Unexpended Proceeds of Bond Anticipation Notes Issued:
Ord. Number
 471-12 41,520.00
 499-15 186,611.23

 228,131.23
 \$ 25,598.00

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Authorizations		Balance December 31, 2015	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded
292-01	Improvements to Municipal Buildings	4/3/2001	125,000	\$	177.10	-	-	177.10	-
324-03	Various Improvements	3/4/2004	250,000		117.67	-	-	117.67	-
349-05	Public Safety Equipment	10/4/2005	8,243		2.89	-	-	2.89	-
367-06	Various Improvements	12/13/2006	61,300		5,399.98	-	-	2,114.90	-
374-06	Various Improvements	6/8/2006	106,000		26,367.50	-	-	26,367.50	-
389-07	Solar Panels - County	7/25/2007	50,000		734.00	-	-	734.00	-
390-07	Various Improvements	7/25/2007	70,000		1,247.67	-	-	1,247.67	-
406-07	Various Improvements	12/19/2007	36,000		25,698.00	2,202.00	-	25,698.00	2,202.00
413-08	Various Improvements - County	7/23/2008	120,000		2,007.00	-	-	2,007.00	-
471-12	Various Improvements	5/23/2012	200,000		-	41,520.00	-	-	41,520.00
483-13	Acquisition of Fire Truck/Public Works	1/8/2014	574,750		-	21,646.00	-	-	21,646.00
499-15	Various Improvements	5/13/2015	251,750		-	88,250.00	251,750.00	151,638.77	188,361.23
				\$	61,751.81	65,368.00	251,750.00	58,466.73	253,729.23

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Rehabilitation of Small Cities Housing	471-12	5/23/2012	9/25/2014	9/25/2015	0.660%	180,000.00	-	180,000.00	-
			9/24/2015	9/23/2016	0.700%	-	130,000.00	-	130,000.00
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	-
			9/24/2015	9/23/2016	0.700%	-	500,000.00	-	500,000.00
Various Capital Improvements	499-16	5/13/2015	9/24/2015	9/23/2016	0.700%	-	250,000.00	-	250,000.00
\$						<u>730,000.00</u>	<u>880,000.00</u>	<u>730,000.00</u>	<u>880,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Other	Balance Dec. 31, 2015
406-07	Various Improvements	\$ 2,202.00	-	-	-	2,202.00
483-13	Acquisition of Fire Truck/PW Vehicle	24,750.00	-	-	-	24,750.00
499-15	Various Improvements	-	251,750.00	250,000.00	-	1,750.00
		<u>\$ 26,952.00</u>	<u>251,750.00</u>	<u>250,000.00</u>	<u>-</u>	<u>28,702.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2014	\$ 1,662,354.17	-
Increased by Receipts:		
Water & Sewer Rent Collected	978,176.43	-
Water & Sewer Prepaid	9,141.48	-
Water & Sewer Overpaid	2,879.35	-
Miscellaneous	7,197.44	-
Reserve for Amortization	-	135,000.00
Bond Anticipation Notes	-	2,635,000.00
Due from Current	165,320.61	-
Due from Utility Operating	-	85,131.52
	<u>1,162,715.31</u>	<u>2,855,131.52</u>
	2,825,069.48	2,855,131.52
Decreased by Disbursements:		
Current Year Appropriation	790,823.81	-
Prior Year Appropriations	76,089.29	-
Improvement Authorizations	-	85,131.52
Accrued Interest on Bonds and Notes	113,876.00	-
Bond Anticipation Notes	-	2,770,000.00
Due to Current	161,083.89	-
Due to Utility Capital	85,131.52	-
	<u>1,227,004.51</u>	<u>2,855,131.52</u>
Balance December 31, 2015	\$ <u>1,598,064.97</u>	<u>-</u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2014		Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2015
			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	(1,331,244.13)	85,131.52	-	-	-	-	-	-	-	(1,246,112.61)
Current Fund	-	-	2,770,000.00	-	-	2,770,000.00	-	-	-	-
Encumbrances Payable	47,073.06	-	-	-	-	-	47,073.06	-	21,745.75	21,745.75
Reserve for Debt Service	137,854.00	-	-	-	-	-	-	-	-	137,854.00
<u>Improvement Authorizations:</u>										
Ord.										
171-91	(800.00)	-	-	-	-	-	-	-	-	(800.00)
356-05	-	-	-	-	-	-	-	-	36,687.81	36,687.81
446-10	-	-	-	-	-	-	2,410.25	-	2,410.25	-
464-11	1,367,440.07	-	-	-	-	-	85,131.52	19,335.50	7,975.00	1,270,948.05
	\$ -		85,131.52		2,770,000.00		85,131.52	68,818.81	68,818.81	-

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

Balance December 31, 2014	\$	36,644.03
Increased by Receipts:		
Consumer Accounts Charges and Levies	996,421.33	996,421.33
		1,033,065.36
Decreased by Disbursements:		
Overpayments & Prepayments Applied	15,167.11	
Collections	978,176.43	993,343.54
Balance December 31, 2015	\$	39,721.82

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Other Expenses	\$ 90,833.22	90,833.22	76,089.29	14,743.93	-
	<u>\$ 90,833.22</u>	<u>90,833.22</u>	<u>76,089.29</u>	<u>14,743.93</u>	<u>-</u>
Appropriation Reserves	\$ 88,242.22				
Encumbrances Payable	<u>2,591.00</u>				
	<u>90,833.22</u>				

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

Balance December 31, 2014		\$	25,953.38
Increased by:			
USDA & BAN Interest			113,309.24
			113,309.24
			139,262.62
Decreased By:			
USDA & BAN Interest Paid			113,876.00
			113,876.00
Payments to Treasurer			113,876.00
Balance December 31, 2015		\$	25,386.62

Analysis of Accrued Interest December 31, 2015

	Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	167,267.54	5.00%	12/2/2015	12/31/2015	29	673.72
	501,971.19	4.50%	10/29/2015	12/31/2015	63	3,953.02
	855,528.18	4.13%	7/22/2015	12/31/2015	162	15,880.74
	2,635,000.00	0.66%	9/28/2015	12/31/2015	101	4,879.14
						25,386.62
						25,386.62

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

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Paid or Charged	Balance December 31, 2015	
				Balance Funded	Balance Unfunded	Other Funding		Deferred Charges to Future Taxation	Funded
356-05	USDA Phase II Sewer & Water	10/4/2005	1,609,000.00	-	-	-	(36,687.81)	-	36,687.81
464-11	Water / Sewer Utility Improvements	11/09/11	3,013,000.00	-	1,372,440.07	-	96,492.02	-	1,275,948.05
			\$	-	1,372,440.07	-	59,804.21	-	1,312,635.86

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015	Interest Rate	Balance Dec. 31, 2014	Changes		Balance Dec. 31, 2015
						Increased	Decreased	
Replace Septic System	12/2/1992	293,200.00	***** USDA Bond - semi-annual payments of \$8,512.00 due on June 2 and December 2. Final payment December 2, 2032	5.000% \$	175,614.43	-	8,346.89	167,267.54
Sanitary Sewer System Impro.	10/29/2004	576,000.00	***** USDA Bond - semi-annual payments of \$15,593.00 due on April 28 and October 28. Final payment October 28, 2044	4.500%	510,287.71	-	8,316.52	501,971.19
Sanitary Sewer System Impro.	1/22/2009	924,000.00	***** USDA Bond - semi-annual payments of \$23,692.00 due on January 22 and July 22. Final payment July 22, 2049	4.125%	867,253.70	-	11,725.52	855,528.18
					\$ 1,553,155.84	-	28,388.93	1,524,766.91

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Sewer Main Replacement - 2002	314-02	10/3/2007	9/25/2014	9/25/2015	0.660%	300,000.00	180,000.00	300,000.00	180,000.00
Improvements to Water and Sewer Infrastructure	446-10	10/1/2010	9/25/2014	9/25/2015	0.660%	180,000.00	-	180,000.00	-
Water & Sewer Improvements	464-11	11/9/2011	9/25/2014	9/25/2015	0.660%	2,290,000.00	2,290,000.00	2,290,000.00	2,290,000.00
						<u>2,770,000.00</u>	<u>2,635,000.00</u>	<u>2,770,000.00</u>	<u>2,635,000.00</u>
					\$	2,770,000.00	2,635,000.00	2,770,000.00	2,635,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Other	Balance Dec. 31, 2015
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>

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BOROUGH OF WEST CAPE MAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2015

BOROUGH OF WEST CAPE MAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- | | |
|---------------------------------------|------------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiency identified? | YES |

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

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

In accordance with Government Auditing Standards, our audit disclosed one finding relating to the financial statements – regulatory basis that are required to be reported. We have also issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

Finding No. 2015-1 The General Ledger was not consistently reconciled with sub-ledgers.

A corrective action plan is required for 2015.

STATUS OF PRIOR YEAR FINDINGS

Finding No. 2014-1

Condition

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

Current Status

The Condition has not been resolved for 2014 and is listed as item 2015-1 in the current year.

Finding No. 2014-2

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.

Current Status

The Finding was cleared in 2015.

Finding No. 2014-3

Condition

Posting of Expenditures were not being completed within a reasonable amount of time. Several encumbrances existed at year end that were in fact paid by the Borough. This resulted in the 2014 Annual Financial Statements not being filed on time.

Current Status

The Finding was cleared in 2015.

Finding No. 2014-4

Condition

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

Current Status

The Finding was cleared in 2015.

Finding No. 2014-5

Condition

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

Current Status

The Finding was cleared in 2015.

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 Commission'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 7, 2015 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.

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Delinquent Taxes and Tax Title Liens

The tax sale was held on December 15, 2015 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>
2015	13
2014	12
2013	13

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 2015 and 2016 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>
2015 \$	5,254,799.60	5,112,418.03	97.29%
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%

Comparative Schedule of Tax Rate Information

		<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$	1.149	1.149	1.067	1.149	1.17
Apportionment of Tax Rate:						
Municipal		0.331	0.330	0.331	0.346	0.337
County		0.240	0.244	0.248	0.256	0.242
Local & Regional School		0.578	0.575	0.488	0.547	0.591
Assessed Valuation		455,913,896	452,799,922	451,352,424	450,318,466	448,315,357

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>
2015 \$	162,417.02	124,724.88	287,141.90	5.46%
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%

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 Borough’s funds were deposited within the mandated time.

RECOMMENDATIONS

Finding #2015-1:*

The General Ledger was not maintained.

Criteria:

The Certified Finance Officer is responsible for correctly posting all required transactions and journal entries to the General Ledger in accordance with NJAC 5:30-5.7.

Condition:

The General Ledger did not contain all of the required entries.

Context:

Although the General Ledger did not contain all of the required entries, the subsidiary ledgers for Revenue, Appropriations and Tax Activity and Balances, as well as the Cash Reconciliations, were accurate and reliable enabling the production of the Financial Statements.

Cause:

The Borough's CFO has limited time and resources and the General Ledger has not been priority.

Effect:

Not utilizing the General Ledger fully could possibly cause a material misstatement to occur in financial reporting.

Recommendation:

That the Borough fully utilize the general ledger to record all necessary transactions and entries and that the general ledger be properly closed at year-end.

*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, 2016