

BOROUGH OF WEST CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2011

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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, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of West Cape May, State of New Jersey (the “Borough”), as of December 31, 2011 and 2010 and the related statements 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 for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements – regulatory basis are the responsibility of the Borough’s management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

In our opinion, because of the Borough’s policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Borough, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance of such funds for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough, as of December 31, 2011 and 2010 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2012 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Borough. The supplemental schedules have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

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

June 29, 2012

EXHIBIT - A
CURRENT FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 1,067,192.44	\$ 781,852.53
		<u>1,067,192.44</u>	<u>781,852.53</u>
Other Receivables:			
Due from State of New Jersey		138.95	638.95
		<u>138.95</u>	<u>638.95</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	170,621.95	185,954.01
Tax Title Liens Receivable	A-8	116,097.17	102,664.76
Property Acquired for Taxes at Assessed Valuation		230,782.00	230,782.00
Revenue Accounts Receivable	A-9	-	1,411.10
Interfunds:			
Due from Trust - TTL		-	4,092.94
Due from Trust - Shade Tree		-	3,844.90
Due from Grant Fund		10,862.16	18,833.30
Due from General Capital Fund		1,775.70	-
Due from Utility Operating Fund		105,007.47	36,916.68
Due from Utility Capital Fund		-	2,623.90
Due from Animal Control Fund		-	1,680.25
		<u>635,146.45</u>	<u>588,803.84</u>
Deferred Charges:			
Special Emergency Authorization:			
5 Years (40A:4-55)		8,000.00	15,000.00
		<u>8,000.00</u>	<u>15,000.00</u>
		<u>1,710,477.84</u>	<u>1,386,295.32</u>
Federal and State Grant Fund:			
Grant Receivables	A-11	116,932.82	294,155.80
		<u>116,932.82</u>	<u>294,155.80</u>
		<u>\$ 1,827,410.66</u>	<u>\$ 1,680,451.12</u>

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 244,626.97	\$ 218,581.75
Reserve for Encumbrances	A-3	4,042.68	19,398.51
Accounts Payable		-	8,506.69
Prepaid Taxes		69,300.44	52,953.12
Tax Overpayments		17,666.60	10,232.81
County Tax Payable		-	1,928.72
Local School Taxes Payable		6,860.53	(1,516.00)
Regional School Taxes Payable		13,177.28	(1.55)
Payroll Taxes payable		6,976.88	5,608.89
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	-
Due to Escrow Trust		700.00	800.00
Due to POAA Trust		235.00	187.00
Due to Trust - Liquor License		60,000.00	-
Due to Water & Sewer Utility Capital Fund		191,669.50	-
Due to General Capital Fund		-	65,609.12
Due to Unemployment Trust		534.73	534.73
		<u>640,971.39</u>	<u>391,004.57</u>
Reserve for Receivables and Other Assets		635,146.45	588,803.84
Fund Balance	A-1	<u>434,360.00</u>	<u>406,486.91</u>
		<u>1,710,477.84</u>	<u>1,386,295.32</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	18,921.40	17,802.45
Appropriated Reserves	A-13	85,325.16	255,695.95
Due to Current Fund		10,862.16	18,833.30
Amount Due to HUD		1,824.10	1,824.10
		<u>116,932.82</u>	<u>294,155.80</u>
		<u>\$ 1,827,410.66</u>	<u>\$ 1,680,451.12</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	253,000.00	\$ 255,000.00
Miscellaneous Revenue Anticipated		216,233.67	454,199.93
Receipts from Delinquent Taxes		190,111.29	175,700.35
Receipts from Current Taxes		5,069,821.30	4,902,010.04
Non-Budget Revenue		50,913.00	55,422.91
Other Credits to Income:			
Cancellation of Accounts Payable		8,506.69	-
Unexpended Balance of Appropriation Reserves		185,375.42	18,471.80
Total Income		<u>5,973,961.37</u>	<u>5,860,805.03</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		373,550.00	367,750.00
Other Expenses		844,720.00	861,307.00
Deferred Charges & Statutory Expenditures		76,992.00	67,719.00
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses		420,230.40	630,827.03
Capital Improvements		5,500.00	5,500.00
Municipal Debt Service		168,056.53	160,091.89
Deferred Charges & Statutory Expenditures		7,000.00	15,000.00
County Taxes		1,083,576.20	1,035,717.76
County Added and Omitted Taxes		3,175.76	1,928.72
Local District School Tax		902,422.00	891,613.00
Regional High School Tax		1,743,873.11	1,720,952.33
Prior Year Revenue Refunded		4,100.00	-
Grant Balances Cancelled, Net		10,238.92	-
Interfund Created		49,653.36	3,824.40
Total Expenditures		<u>5,693,088.28</u>	<u>5,762,231.13</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess In Revenue		\$ <u>280,873.09</u>	\$ <u>98,573.90</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		-	10,000.00
Expenditures Included Above Which were Funded by Bond Ordinance		<u>-</u>	<u>-</u>
		<u>-</u>	<u>10,000.00</u>
Statutory Excess to Fund Balance		280,873.09	108,573.90
Fund Balance January 1	A	<u>406,486.91</u>	<u>552,913.01</u>
		687,360.00	661,486.91
Decreased by:			
Utilization as Anticipated Revenue		<u>253,000.00</u>	<u>255,000.00</u>
Fund Balance December 31	A	<u>\$ <u>434,360.00</u></u>	<u>\$ <u>406,486.91</u></u>

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Surplus Anticipated		\$ 253,000.00	\$	\$ 253,000.00	\$ -
		253,000.00		253,000.00	-
Miscellaneous Revenues:					
Licenses:					
Other		28,000.00		27,630.00	(370.00)
Fines and Costs:					
Municipal Court		30,000.00		19,734.10	(10,265.90)
Interest and Costs on Taxes		35,000.00		39,756.21	4,756.21
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		89,303.00		89,303.00	-
Special Items:					
Public & Private Revenues Offset with Appropriations:					
Recycling Tonage Grant			1,575.00	1,575.00	-
Alcohol Education and Rehabilitation Fund		452.45	323.61	776.06	-
Clean Communities Grant			4,187.34	4,187.34	-
Other Special Items:					
Cape May City Lease		33,273.00		33,271.96	(1.04)
Total Miscellaneous Revenues	A-1	216,028.45	6,085.95	216,233.67	(5,880.73)

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Receipts from Delinquent Taxes	A-1:A-2	\$ 160,000.00	\$	\$ 190,111.29	\$ 30,111.29
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		1,510,730.33		1,586,378.56	75,648.23
Total Amount to be Raised by Taxes for Support of Municipal Budget		1,510,730.33	-	1,586,378.56	75,648.23
Budget Totals		2,139,758.78	6,085.95	2,245,723.52	99,878.79
Non-Budget Revenues		-		50,913.00	50,913.00
		\$ 2,139,758.78	\$ 6,085.95	\$ 2,296,636.52	\$ 150,791.79

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

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 5,069,821.30
Allocated to:	
School, County and Other Taxes	<u>3,733,047.07</u>
Balance for Support of Municipal Budget Appropriations	1,336,774.23
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>249,604.33</u>
Amount for Support of Municipal	
Budget Appropriations	<u>\$ 1,586,378.56</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 181,531.22
Tax Title Lien Collections	<u>8,580.07</u>
	<u>\$ 190,111.29</u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Interest Earned	\$ 2,300.49
Zoning	3,960.00
Cable Franchise	8,513.72
Vital Statistics	38.00
Planning Board Applications	2,200.00
Campground and Trailer Park Fees	10,940.00
Street Openings	1,300.00
Senior & Vet Admin Fee	285.00
Photocopies	70.87
Solar Rebates	3,021.55
Sale of Surplus Property	4,884.00
Elections	3,140.00
CMCMUA Rebate	4,633.78
Wedding Fees	5,461.00
Miscellaneous	<u>164.59</u>
	<u>\$ 50,913.00</u>

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

	Appropriations		Expended			Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS AND SAFETY:						
Director's Office						
Salaries and Wages	\$ 11,700.00	\$ 11,900.00	\$ 11,645.52	\$	254.48	\$
Other Expenses	2,000.00	1,800.00	427.05		1,372.95	
Fire						
Other Expenses:						
Miscellaneous Other Expenses	23,000.00	23,000.00	22,637.58		362.42	
Aid to Volunteer Fire Company	41,125.00	41,125.00	40,937.05	187.95	(0.00)	
Police						
Salaries and Wages	100.00	100.00			100.00	
Other Expenses	100.00	100.00			100.00	
Municipal Prosecutor						
Salaries and Wages	6,650.00	6,650.00	5,857.26		792.74	
Emergency Management Services						
Salaries and Wages	2,150.00	2,150.00	2,044.53		105.47	
Other Expenses	1,000.00	1,000.00	630.34		369.66	
Board of Health						
Other Expenses	500.00	500.00			500.00	
Emergency Medical Services - Contractual						
Fire Safety Division	68,000.00	68,000.00	45,985.87		22,014.13	
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	1,500.00	1,500.00			1,500.00	
Public Employee Awards Program						
(NJSA 40A:9-18) (NJSA 40A:5-31)	200.00	200.00			200.00	
Dog Regulation						
Other Expenses	8,500.00	8,500.00	8,156.53	60.00	283.47	
Municipal Court						
Salaries and Wages	73,000.00	72,000.00	69,454.15		2,545.85	
Other Expenses	6,000.00	7,000.00	6,053.13	49.98	896.89	
Public Defender						
Salaries and Wages	3,900.00	3,900.00	3,882.01		17.99	

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Expended		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
DEPARTMENT OF REVENUE AND FINANCE:					
Director's Office					
Salaries and Wages	\$ 16,350.00	\$ 16,350.00	\$ 16,152.98	\$	\$ 197.02
Other Expenses	10,000.00	10,000.00	2,864.11		7,135.89
Financial Administration					
Salaries and Wages	24,600.00	24,600.00	17,773.50		6,826.50
Other Expenses:					
Annual Audit	23,000.00	23,000.00	23,000.00		-
Miscellaneous Other Expenses	7,000.00	7,000.00	2,003.24	213.75	4,783.01
Borough Clerk					
Salaries and Wages	64,000.00	64,000.00	63,464.46		535.54
Other Expenses	11,000.00	11,000.00	8,803.03	21.08	2,175.89
Elections					
Other Expenses	11,000.00	11,000.00	3,204.47		7,795.53
Assessment of Taxes					
Salaries and Wages	10,400.00	10,400.00	10,289.44		110.56
Other Expenses	1,000.00	1,000.00	839.37		160.63
Collection of Taxes					
Salaries and Wages	28,750.00	28,750.00	28,554.13		195.87
Other Expenses	2,000.00	2,000.00	226.00	213.75	1,560.25
Liquidation of Tax Title Liens					
Other Expenses	200.00	200.00			200.00
Legal Services and Costs					
Other Expenses	150,000.00	150,000.00	83,090.69		66,909.31
Grant Coordinator - Contractual	20,000.00	20,000.00	2,585.50		17,414.50
Code Enforcement Officer					
Salaries and Wages	4,300.00	4,300.00	412.93		3,887.07
Other Expenses	100.00	100.00			100.00
Construction Code Enforcement					
Salaries and Wages	10,500.00	10,500.00	4,042.12		6,457.88
Zoning Officer					
Salaries and Wages	7,400.00	7,400.00	7,304.34		95.66
Other Expenses	700.00	700.00	50.00		650.00
Municipal Land Use (N.J.S.A. 40:55 D-1)					
Planning and Zoning Board					
Salaries and Wages	7,200.00	7,200.00	7,031.76		168.24
Other Expenses	7,500.00	7,500.00	397.92		7,102.08

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		Balance Canceled
	Budget				Encumbered	Reserved	
DEPARTMENT OF REVENUE AND FINANCE:							
Historic Preservation Insurance	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		\$	\$ 1,000.00	\$
General Liability	18,693.00	18,693.00	18,693.00	13,308.64		5,384.36	
Workers Compensation Insurance	48,502.00	48,502.00	48,502.00	33,499.52		15,002.48	
Employee Group Health	88,400.00	88,400.00	88,400.00	88,400.00		-	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY:							
Director's Office							
Salaries and Wages	11,950.00	11,950.00	11,950.00	6,804.42		5,145.58	
Other Expenses	2,000.00	2,000.00	2,000.00	(1,209.88)		3,209.88	
Public Building and Grounds							
Other Expenses	30,000.00	30,000.00	30,000.00	20,776.08	299.95	8,923.97	
Engineering							
Other Expenses	1,000.00	1,000.00	1,000.00			1,000.00	
Road Repairs and Maintenance							
Salaries and Wages	71,400.00	71,400.00	71,400.00	61,922.76		9,477.24	
Other Expenses	11,000.00	11,000.00	11,000.00	8,429.73	1,964.00	606.27	
Garbage and Trash Removal							
Other Expenses	113,200.00	113,200.00	113,200.00	111,110.73		2,089.27	
Recycling							
Salaries and Wages	30,400.00	30,400.00	30,400.00	30,400.00		-	
Other Expenses	7,000.00	8,300.00	8,300.00	4,207.20		4,092.80	
Parks and Playgrounds							
Other Expenses	500.00	500.00	500.00			500.00	
Recreation							
Other Expenses	300.00	300.00	300.00			300.00	
Shade Tree Commission							
Other Expenses	500.00	500.00	500.00	450.00		50.00	
Environmental Commission							
Other Expenses	500.00	500.00	500.00			500.00	

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Expended		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
UNCLASSIFIED:					
General Office Operations	\$ 21,000.00	\$ 19,700.00	\$ 15,782.79	\$ 1,032.22	\$ 2,884.99
Other Expenses					
UTILITY EXPENSES AND BULK PURCHASES:					
Electric	42,000.00	42,000.00	35,666.67		6,333.33
Street Lighting	24,500.00	24,500.00	23,940.13		559.87
Telephone	9,800.00	9,800.00	9,106.81		693.19
Fuel Oil	9,500.00	9,500.00	6,795.86		2,704.14
Gasoline/Diesel Fuel	2,500.00	2,500.00			2,500.00
Postage	6,000.00	6,000.00			-
TOTAL OPERATIONS WITHIN "CAPS"	1,218,270.00	1,218,270.00	975,192.47	4,042.68	239,034.85
Contingent	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,218,270.00	1,218,270.00	975,192.47	4,042.68	239,034.85
Detail:					
Salaries and Wages	374,350.00	373,550.00	342,994.19		30,555.81
Other Expenses	843,920.00	844,720.00	632,198.28	4,042.68	208,479.04
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	42,442.00	42,442.00	42,442.00		-
Defined Contribution Retirement Program	1,000.00	1,000.00	906.96		93.04
Social Security System (O.A.S.I.)	31,000.00	31,000.00	28,038.89		2,961.11
Unemployment Compensation Insurance	2,550.00	2,550.00	2,012.03		537.97
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	76,992.00	76,992.00	73,399.88	-	3,592.12
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,295,262.00	1,295,262.00	1,048,592.35	4,042.68	242,626.97

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Expended		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
OPERATIONS EXCLUDED FROM "CAPS"					
OTHER OPERATIONS					
Insurance:					
Employee Group Health	\$ 4,600.00	\$ 4,600.00	\$ 4,600.00	\$ -	\$ -
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	<u>4,600.00</u>	<u>4,600.00</u>	<u>4,600.00</u>	<u>-</u>	<u>-</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Cape May County Interlocal Service Agreement- Police Contractual	407,092.00	407,092.00	407,092.00	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:					
Alcohol Education and Rehabilitation Fund	452.45	776.06	776.06	-	-
Recycling Tonnage Grant		1,575.00	1,575.00	-	-
Matching Funds for Grants	2,000.00	2,000.00		2,000.00	
Clean Communities Grant		4,187.34	4,187.34	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>2,452.45</u>	<u>8,538.40</u>	<u>6,538.40</u>	<u>-</u>	<u>2,000.00</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>414,144.45</u>	<u>420,230.40</u>	<u>418,230.40</u>	<u>-</u>	<u>2,000.00</u>
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	414,144.45	420,230.40	418,230.40	-	2,000.00

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - B
TRUST FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 1,922.81	\$ 2,890.65
		<u>1,922.81</u>	<u>2,890.65</u>
<u>Other Funds</u>			
Cash and Investments	B-2	330,387.02	264,025.38
Due from Current Fund:			
Unemployment Compensation		534.73	534.73
POAA Trust		235.00	187.00
Engineering Escrow		800.00	800.00
Liquor License Fund		<u>60,000.00</u>	<u>-</u>
		<u>391,956.75</u>	<u>265,547.11</u>
		<u>\$ 393,879.56</u>	<u>\$ 268,437.76</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 1,920.81	\$ 1,208.40
Due to State of New Jersey	B-4	2.00	2.00
Due to Current Fund		-	1,680.25
		<u>1,922.81</u>	<u>2,890.65</u>
<u>Other Funds</u>			
Due to Current - Tax Title Lien Redemption		-	4,092.94
Due to Current - Shade Tree		100.00	3,844.90
Reserve for Unemployment Compensation		534.73	534.73
Reserve for Site Plan Escrow		54,486.08	55,834.74
Reserve for TTL Redemption		57,517.20	28,914.02
Reserve for POAA Trust		241.00	193.00
Reserve for COAH		115,770.75	74,393.48
Reserve for Shade Tree		3,268.62	14,597.21
Reserve for Public Assistance		6,062.27	6,050.23
Reserve for Liquor License		60,000.00	-
Reserve for Other Trust Accounts		93,976.10	77,091.86
		<u>391,956.75</u>	<u>265,547.11</u>
		<u>\$ 393,879.56</u>	<u>\$ 268,437.76</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
Cash and Investments	C-2,C-3	\$ 103,273.46	\$ 147,541.74
Due from Current Fund		-	65,609.12
Deferred Charges to Future Taxation: Unfunded	C-6	332,202.00	494,450.00
		<u>\$ 435,475.46</u>	<u>\$ 707,600.86</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes Payable	C-9	\$ 330,000.00	\$ 492,248.00
Due to Current Fund		1,775.70	-
Encumbrance Payable		-	12,200.10
Improvement Authorizations:			
Funded	C-7	13,851.99	913.99
Unfunded	C-7	63,210.10	181,101.10
Reserve for Capital Projects		535.28	535.28
Capital Improvement Fund	C-4	25,900.00	20,400.00
Fund Balance	C-1	202.39	202.39
		<u>\$ 435,475.46</u>	<u>\$ 707,600.86</u>

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

Balance December 31, 2010	<u>Ref.</u> C		\$	202.39
Increased By:				
None		\$		-
				-
				202.39
Decreased By:				
None				-
				-
Balance December 31, 2011	C		\$	202.39

EXHIBIT - D
WATER & SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 927,890.97	\$ 709,475.28
Receivables With Full Reserves:			
Rents Receivable	D-7	47,438.26	59,747.84
Deferred Charge:			
Overexpenditure of Appropriation	D	19,677.28	19,677.28
Total Operating Fund		<u>995,006.51</u>	<u>788,900.40</u>
Capital Fund:			
Fixed Capital:			
Completed	D	5,012,475.00	3,358,048.56
Authorized and Uncompleted	D	3,233,000.00	1,874,426.44
USDA Grant Receivable	D-6	330,548.00	-
Due from Current Fund	A	191,669.50	-
Due from Water & Sewer Operating Fund	D	617,088.81	505,390.71
Total Capital Fund		<u>9,384,781.31</u>	<u>5,737,865.71</u>
		<u>\$ 10,379,787.82</u>	<u>\$ 6,526,766.11</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Operating Fund:			
Appropriation Reserves	D-4	\$ 25,426.76	\$ 31,635.65
Encumbrances Payable	D-4	7,921.00	2,757.73
Overpayments	D-5	12,308.48	5,621.15
Accrued Interest on Bonds and Notes	D-11	23,796.56	25,942.80
Overpayments Due to Lien holders	D	3,989.20	3,989.20
Due to Water & Sewer Capital Fund	D	617,088.81	505,390.71
Due to Current Fund	A	105,007.47	36,916.68
		<u>795,538.28</u>	<u>612,253.92</u>
Reserve for Receivables	D	47,438.26	59,747.84
Fund Balance	D-1	152,029.97	116,898.64
Total Operating Fund		<u>995,006.51</u>	<u>788,900.40</u>
Capital Fund:			
USDA Bonds Payable	D-13	1,631,136.15	1,654,905.97
Bond Anticipation Notes Payable	D-14	730,000.00	797,752.00
Encumbrances Payable	D	36,687.81	36,687.81
Due to Current Fund	A	-	2,623.90
Improvement Authorizations:			
Funded	D-12	-	9,800.00
Unfunded	D-12	3,160,339.50	209,000.00
Reserve for Amortization	D	3,569,538.85	2,766,517.03
Deferred Reserve for Amortization	D	9,000.00	12,500.00
Reserve for Debt Service	D	137,854.00	137,854.00
Capital Improvement Fund	D-10	110,000.00	110,000.00
Fund Balance	D-2	225.00	225.00
		<u>9,384,781.31</u>	<u>5,737,865.71</u>
Total Capital Fund		<u>9,384,781.31</u>	<u>5,737,865.71</u>
		<u>\$ 10,379,787.82</u>	<u>\$ 6,526,766.11</u>

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

	Ref.	Year 2011	Year 2010
Revenue and Other Income Realized			
Fund Balance Utilized	D-3	\$ 37,500.00	\$ -
Water & Sewer Rents	D-3	890,773.73	888,411.31
Miscellaneous	D-3	23,485.02	18,876.07
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	D-9	13,485.81	11,304.95
Reserve to Pay Notes		-	137,000.00
Total Income		965,244.56	1,055,592.33
Expenditures:			
Operations:			
Salaries and Wages	D-4	90,000.00	95,000.00
Other Expenses	D-4	625,000.00	635,000.00
Debt Service	D-4	170,613.23	161,148.69
Deferred Charges and Statutory Expenditures	D-4	7,000.00	67,515.83
Total Expenditures		892,613.23	958,664.52
Excess in Revenue (Deficit)		72,631.33	96,927.81
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years			19,677.28
		72,631.33	116,605.09
Fund Balance January 1	D	116,898.64	293.55
		189,529.97	116,898.64
Decreased By:			
Utilization as Anticipated Revenue	D-3	37,500.00	-
Balance December 31	D	\$ 152,029.97	\$ 116,898.64

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

Balance December 31, 2010	<u>Ref.</u> D		\$	225.00
Increased By:				
None		\$		-
				-
				225.00
Decreased By:				
None				-
				-
Balance December 31, 2011	D		\$	225.00

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

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Anticipated Revenue:			
Fund Balance Anticipated	\$ 37,500.00	\$ 37,500.00	\$ -
Water Rents	450,000.00	488,752.79	38,752.79
Sewer Rents	400,000.00	402,020.94	2,020.94
Miscellaneous	16,000.00	23,485.02	7,485.02
	<u>903,500.00</u>	<u>914,258.75</u>	<u>48,258.75</u>
Total Revenue	\$ <u>903,500.00</u>	\$ <u>914,258.75</u>	\$ <u>48,258.75</u>
<u>Analysis of Realized Revenue:</u>			
Water & Sewer Rents			
Consumer Accounts Receivable	\$ 890,773.73		
Total Water & Sewer Rents		\$ <u>890,773.73</u>	
Miscellaneous Revenue			
Interest on Delinquent Accounts	\$ 13,557.77		
Interest Earned	1,527.25		
Connection Fees	8,400.00		
Total Miscellaneous		\$ <u>23,485.02</u>	

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

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 90,000.00	\$ 90,000.00	\$ 79,045.46	\$ 10,954.54	\$ -
Other Expenses	625,000.00	625,000.00	611,365.90	13,634.10	-
Capital Improvements:	715,000.00	715,000.00	690,411.36	24,588.64	-
None	-	-	-	-	-
Debt Service:					
Payment of Bond Anticipation Notes	67,752.00	67,752.00	67,752.00	-	-
Interest on Notes	15,248.00	15,248.00	9,130.67	-	6,117.33
USDA Principal & Interest	98,500.00	98,500.00	93,730.56	-	4,769.44
	181,500.00	181,500.00	170,613.23	-	10,886.77
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	7,000.00	7,000.00	6,161.88	838.12	-
	7,000.00	7,000.00	6,161.88	838.12	-
	\$ 903,500.00	\$ 903,500.00	\$ 867,186.47	\$ 25,426.76	\$ 10,886.77
Ref.	D				D
Disbursed			\$ 756,404.24		
Accrued Interest on Debt			102,861.23		
Encumbrances Payable			7,921.00		
			\$ 867,186.47		

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
General Fixed Assets:			
Land Improvements	\$	357,226.00	\$ 357,226.00
Buildings		1,537,918.00	1,535,428.00
Machinery and Equipment		1,082,534.00	1,096,884.80
Total General Fixed Assets	\$	<u>2,977,678.00</u>	\$ <u>2,989,538.80</u>
Investment in General Fixed Assets	\$	<u>2,977,678.00</u>	\$ <u>2,989,538.80</u>

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

The Borough of West Cape May is an offshore community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 1,024.

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

Component Units

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

Basis of Presentation, Fund Accounting

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

Current Fund

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

Trust Funds

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

General Capital Funds

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Water and Sewer Utility Operating and Capital Funds

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

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

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

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfunds

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

Inventories of Supplies

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

General Fixed Assets

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

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

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

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

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

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

Utility Fixed Assets

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreclosed Property

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

Deferred Charges

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

Appropriation Reserves

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

Liens Sold for Other Governmental Units

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

Fund Balance

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

Revenues

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenues

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

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Borough of West Cape May School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the school districts from January 1st through December 31st. Deferred school taxes arise due to the differences in the municipal and school district fiscal year ends. As of December 31, 2011, the breakdown of the school tax payable and year end deferral is as follows.

Category	Amount
School Tax Payable - Local School	\$ 6,860.53
School Tax Payable - Regional School	13,177.28
School Tax Deferred - Local School	445,048.50
School Tax Deferred - Regional School	858,530.59
	\$ 1,323,616.90

County Taxes

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

Reserve for Uncollected Taxes

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures

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

Compensated Absences and Post – Employment Benefits

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

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 330,000.00	\$ 492,248.00	\$ 470,000.00
Water & Sewer Utility:			
Bonds, Notes and Loans	2,361,136.15	2,452,425.97	2,147,162.49
Total Issued	<u>2,691,136.15</u>	<u>2,944,673.97</u>	<u>2,617,162.49</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Water & Sewer Utility:	<u>137,854.00</u>	<u>137,854.00</u>	<u>274,854.00</u>
Net Debt Issued	<u>2,553,282.15</u>	<u>2,806,819.97</u>	<u>2,342,308.49</u>
<u>Authorized but</u>			
<u>not Issued</u>			
Bonds and Notes:			
General	2,202.00	2,202.00	69,950.00
Water & Sewer Utility	2,305,800.00	800.00	189,552.00
Total Authorized but			
not Issued	<u>2,308,002.00</u>	<u>3,002.00</u>	<u>259,502.00</u>
Net Bonds, Notes and Loans			
Issued, and			
Authorized but not			
Issued	<u>\$ 4,861,284.15</u>	<u>\$ 2,809,821.97</u>	<u>\$ 2,601,810.49</u>

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement:

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.07%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 946,075.48	\$ 946,075.48	\$ -
Water & Sewer Utility Debt	4,666,936.15	4,666,936.15	-
Other Bonds and Notes	<u>332,202.00</u>	<u>-</u>	<u>332,202.00</u>
	<u>\$ 5,945,213.63</u>	<u>\$ 5,613,011.63</u>	<u>\$ 332,202.00</u>

Net debt \$332,202.00 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$489,661,911 = 0.07%.

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

3-1/2% of Equalized Valuation Basis	\$	17,138,166.89
Net Debt		<u>332,202.00</u>
Remaining Borrowing Power	\$	<u>16,805,964.89</u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year		\$ 965,244.56
Deductions:		
Operating & Maintenance Costs	\$	722,000.00
Debt Service per Utility Funds		<u>170,613.23</u>
Total Deductions		<u>892,613.23</u>
Excess/(Deficit) in Revenue	\$	<u>72,631.33</u>

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable

General Capital Fund

At December 31, 2011, there were no bonds and loans payable in the General Capital Fund.

Water & Sewer Utility Fund

At December 31, 2011, bonds and loans payable in the Water & Sewer Utility Fund consisted of the following individual issues:

\$576,000.00 USDA Bonds dated October 29, 2004, due in semiannual installments through December 2044, bearing interest at 4.5%. The balance remaining as of December 31, 2011 is \$533,127.74.

\$293,200.00 FmHA Loan dated December 5, 1992, due in semiannual installments through December 2032, bearing interest at 5%. The balance remaining as of December 31, 2011 is \$198,318.53.

\$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, 2011 is \$899,689.88.

Changes in Long-Term Debt

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

	<u>Outstanding 12/31/10</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/11</u>
General Capital Fund				
None	\$	\$	\$	\$
Utility Capital Fund:				
Loans Payable	<u>1,654,905.97</u>	<u>-</u>	<u>23,769.82</u>	<u>1,631,136.15</u>
Total Utility Capital Fund	<u>1,654,905.97</u>	<u>-</u>	<u>23,769.82</u>	<u>1,631,136.15</u>
Total All Funds	<u>\$ 1,654,905.97</u>	<u>\$ -</u>	<u>\$ 23,769.82</u>	<u>\$ 1,631,136.15</u>

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

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

Year Ending December 31	Utility Capital Fund		Year Ending December 31	Utility Capital Fund	
	Principal	Interest		Principal	Interest
2012	\$ 7,271.53	\$ 23,914.47	2012	\$ 6,117.16	\$ 10,906.84
2013	7,602.43	23,583.57	2013	6,426.84	10,597.16
2014	7,948.30	23,237.61	2014	6,752.20	10,271.80
2015	8,310.09	22,875.91	2015	7,094.02	9,929.98
2016	8,688.25	22,497.75	2016	7,453.16	9,570.84
2017-2021	49,742.25	106,185.85	2017-2021	43,322.36	41,797.64
2022-2026	62,142.54	93,789.46	2022-2026	55,456.31	29,663.69
2027-2031	77,626.20	78,303.80	2027-2031	65,696.48	12,740.73
2032-2036	96,970.90	58,959.10			
2037-2041	121,136.39	34,793.61			
2042-2044	85,688.86	6,830.00			
	<u>\$ 533,127.74</u>	<u>\$ 494,971.13</u>		<u>\$ 198,318.53</u>	<u>\$ 135,478.68</u>

Year Ending December 31	Utility Capital Fund	
	Principal	Interest
2012	\$ 10,484.62	\$ 36,899.38
2013	10,920.36	36,463.64
2014	11,374.21	36,009.79
2015	11,846.92	35,537.08
2016	12,339.29	35,044.71
2017-2021	69,828.51	167,091.49
2022-2026	85,596.14	151,323.85
2027-2031	104,924.25	131,995.75
2032-2036	128,616.70	108,303.30
2037-2041	157,659.07	79,260.93
2042-2046	193,259.36	43,660.64
2047-2049	102,840.45	6,034.62
	<u>\$ 899,689.88</u>	<u>\$ 867,625.18</u>

NOTE 3: COMPENSATED ABSENCES

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2011, the Borough estimates this liability to approximate \$38,113.14 based on 2011 pay rates and compensated absence balances.

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 4: TAXES COLLECTED IN ADVANCE

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

		Balance December 31, 2011		Balance December 31, 2010
Prepaid Taxes - Cash Liability	\$	69,300.44	\$	52,953.12

NOTE 5: RETIREMENT PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS), which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

Vesting and Benefit Provisions

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 5: RETIREMENT PLANS (Continued)

Funding Policy

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

For the Public Employees' Retirement System, the Borough's contribution was \$42,442.00 for 2011 and \$37,395.00 for 2010.

Three Year Trend Information for PERS					
<u>Funding Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
12/31/11	\$	42,442.00	100%	\$	-
12/31/10		37,395.00	100%		-
12/31/09		34,646.00	100%		-

NOTE 6: CASH AND INVESTMENTS

Cash

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Borough's name by several commercial banking institutions. At December 31, 2011, the carrying amount of the Borough's deposits was \$2,430,666.70 and the bank balance was \$2,478,451.88. Of the bank balance, \$274,080.67 was insured with Federal Deposit Insurance Corporation, \$was insured under the Governmental Unit Deposit Protection Act (GUDPA), and \$2,204,371.21. uninsured.

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

Investments

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

As of December 31, 2011, the Borough did not have any investments.

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 7: PROPERTY TAXES

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

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

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

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

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

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

Comparative Schedule of Tax Rates			
	2011	2010	2009
Tax Rate	\$ 1.170	\$ 0.991	\$ 0.979
Apportionment of Tax Rate:			
Municipal	0.337	0.283	0.273
County	0.242	0.202	0.197
Local and Regional School	0.591	0.506	0.509

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 7: PROPERTY TAXES (Continued)

<u>Assessed Valuation</u>		
2011	\$	488,315,357.00
2010		515,688,236.00
2009		515,761,134.00

<u>Comparison of Tax Levies and Collections</u>				
<u>Year</u>	<u>Tax Levy</u>		<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$	5,260,643.59	\$ 5,069,821.30	96.37%
2010		5,119,938.16	4,902,010.04	95.74%
2009		5,069,713.50	4,863,024.30	95.92%

<u>Delinquent Taxes and Tax Title Liens</u>					
<u>Year</u>	<u>Tax Title Liens</u>		<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$	116,097.17	\$ 170,621.95	\$ 286,719.12	5.45%
2010		102,664.76	185,954.10	288,618.86	5.64%
2009		83,852.21	174,906.78	258,758.99	5.10%

Property Acquired by Tax Title Lien Redemption

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

<u>Year</u>	<u>Amount</u>	
2011	\$	230,782.00
2010		230,782.00
2009		230,782.00

NOTE 8: ECONOMIC DEPENDENCY

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 9: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2011	\$ 434,360.00	\$ 253,000.00	58.25%
	2010	406,486.91	253,000.00	62.24%
	2009	552,913.01	255,000.00	46.12%
	2008	562,040.09	362,000.00	64.41%
	2007	661,815.82	400,000.00	60.44%
Water & Sewer Utility	2011	\$ 152,029.97	\$ 37,900.00	24.93%
	2010	116,898.64	37,500.00	32.08%
	2009	293.55	-	0.00%
	2008	293.55	-	0.00%
	2007	134,293.55	134,000.00	99.78%

NOTE 10: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2011 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 117,645.33	\$ 253,139.23
Grant Fund		10,862.16
General Capital		1,775.70
Trust Funds - Other	61,569.73	100.00
Water & Sewer Operating		722,096.28
Water & Sewer Capital	808,758.31	
	<u>\$ 987,973.37</u>	<u>\$ 987,973.37</u>

NOTE 11: BUDGETARY DATA

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

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

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

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 12: FEDERAL AND STATE GRANTS

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

NOTE 13: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2011:

	Balance as of December 31, 2010	Additions	Deletions	Balance as of December 31, 2011
Land & Improvements	\$ 357,226.00	\$	\$	\$ 357,226.00
Buildings	1,535,428.00	2,490.00		1,537,918.00
Machinery & Equipment	1,096,884.80	5,123.80	19,474.60	1,082,534.00
Total	\$ <u>2,989,538.80</u>	\$ <u>7,613.80</u>	\$ <u>19,474.60</u>	\$ <u>2,977,678.00</u>

NOTE 14: POST-RETIREMENT HEALTH 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 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.

BOROUGH OF WEST CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 15: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 16: LITIGATION

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

NOTE 17: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from December 31, 2011 through June 29, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

SUPPLEMENTARY INFORMATION

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

	<u>Ref.</u>	<u>Current Fund</u>
	A	\$
Balance December 31, 2010		781,852.53
Increased By Receipts:		
Current Taxes	\$	5,003,118.18
Prior Taxes		171,412.87
Tax Title Lien Collections		8,580.07
Prepaid Taxes		69,300.44
Tax Overpayments		17,552.14
Miscellaneous Revenue Anticipated		209,695.27
Miscellaneous Revenue Not Anticipated		50,913.00
Due to State - Marriage Licenses		175.00
Due to POAA		48.00
Due from Shade Tree Trust		3,844.90
Due from Dog Fund		1,680.25
Due to Trust - Liquor License		60,000.00
Due from TTL Trust		4,092.94
Due from Water & Sewer Utility Fund		36,916.68
Due from Water & Sewer Utility Capital Fund		265,753.90
Due to Grant Fund		92,566.35
Payroll Payable		1,367.99
Tax Sale Premium		17,000.00
Due from State - Senior Citizens & Vets		14,250.00
		<u>6,028,267.98</u>
		6,810,120.51
Decreased By Disbursements:		
2011 Appropriations		1,633,840.88
2010 Appropriation Reserves		52,604.84
County Taxes		1,083,576.20
County Added Taxes		5,104.48
Local District School Tax		894,045.47
Regional School Tax		1,730,694.28
Refund of Prior Year Revenue		4,100.00
Due to Water & Sewer Utility Fund		105,007.47
Due to Utility Capital Fund		71,460.50
Due to Grant Fund		94,834.13
Due to State - Marriage Licenses		175.00
Due to Capital Fund		67,384.82
Due from Trust - Other		100.00
		<u>5,742,928.07</u>
Balance December 31, 2011	A	<u>\$ 1,067,192.44</u>

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

Year	Balance Dec. 31, 2010	2011 Levy	Added Taxes	2010	2011	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2011
2010	\$ 185,954.01	\$ -	\$ -	\$ -	\$ 181,531.22	\$ 2.88	\$ 4,419.91	\$ (0.00)
	185,954.01	-	-	52,953.12	181,531.22	2.88	4,419.91	(0.00)
2011		5,245,289.68	15,353.91	52,953.12	5,016,868.18	3,371.06	16,829.28	170,621.95
	185,954.01	5,245,289.68	15,353.91	52,953.12	5,198,399.40	3,373.94	21,249.19	170,621.95
Ref.	A							A

\$ 5,139,244.46 Cash Receipts
 35,286.59 Homestead Rebates
 13,750.00 Senior Citizens and Veterans
 10,118.35 Overpayments Applied

\$ 5,198,399.40

\$ 5,245,289.68
 15,353.91

\$ 5,260,643.59

Analysis of 2011 Property Tax Levy

Tax Yield:

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

Tax Levy:

Local District School Tax:
 Levy
 Regional High School Tax
 County Taxes
 County Taxes Added and Omitted
 Local Tax for Municipal Purposes
 Add: Additional Tax Levied

\$ 902,422.00

\$ 902,422.00
 1,743,873.11
 1,083,576.20
 3,175.76

1,510,730.33
 16,866.19

\$ 1,527,596.52
 \$ 5,260,643.59

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

Balance December 31, 2010	<u>Ref.</u> A		\$ 102,664.76
Increased By Receipts:			
Transfers from Taxes Receivable		\$ 21,249.19	
Interest and Costs		<u>763.29</u>	
			<u>22,012.48</u>
			124,677.24
Decreased By Disbursements:			
Collections		<u>8,580.07</u>	
			<u>8,580.07</u>
Balance December 31, 2011	A		\$ <u><u>116,097.17</u></u>

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

Ref.	Balance Dec. 31, 2010	Accrued In 2011	Collected	Balance Dec. 31, 2011
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Other	\$	27,630.00	\$ 27,630.00	\$ -
Municipal Court:				
Fines and Costs	1,411.10	18,323.00	19,734.10	-
Interest and Costs on Taxes		39,756.21	39,756.21	-
Energy Receipts Tax		89,303.00	89,303.00	-
Cape May City Interlocal				
Services Agreement - Lease		33,271.96	33,271.96	-
<u>Miscellaneous Revenue Not Anticipated:</u>				
Miscellaneous Non-Budget Revenue		50,913.00	50,913.00	-
TOTALS	\$	\$ 259,197.17	\$ 260,608.27	\$ -
Ref.	A		A-4	A
		Cash Received	\$ 260,608.27	
		Non-Cash Item	-	
			<u>\$ 260,608.27</u>	

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

	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>\$</u>	<u>Dec. 31, 2010</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
Department of Public Affairs & Safety:					
Director's Office					
Salaries & Wages	\$	533.41	\$ 33.41		\$ 33.41
Other Expenses		919.32	419.32	115.00	304.32
Fire					
Other Expenses:					
Miscellaneous Other Expenses		182.93	182.93	126.30	56.63
Aid to Volunteer Fire Company		4,755.74	4,755.74	4,451.68	304.06
Public Safety (Police)					
Salaries & Wages		100.00	100.00		100.00
Other Expenses		100.00	100.00		100.00
Fire Safety Division					
Salaries & Wages		100.00	100.00		100.00
Other Expenses		100.00	100.00		100.00
Dog Regulation					
Other Expenses		106.10	2,231.10	2,223.90	7.20
Emergency Management Services					
Salaries & Wages		94.08	94.08		94.08
Other Expenses		30.00	30.00	(2.44)	32.44
Emergency Medical Services-Contractual					
Celebration of Public Events, Anniversary, Holidays		22,168.51	22,168.51	15,608.82	6,559.69
Other Expenses		679.54	679.54		679.54
Public Employee Rewards Program		100.00	100.00		100.00

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Revenue and Finance:				
Director's Office				
Salaries & Wages	\$ 163.75	\$ 163.75		\$ 163.75
Other Expenses	141.46	141.46	(100.20)	241.66
Financial Administration				
Salaries & Wages	7,175.00	7,175.00		7,175.00
Other Expenses:				
Miscellaneous	756.60	756.60	57.60	699.00
Other Expenses				
Borough Clerk				
Salaries and Wages	2,598.04	1,998.04		1,998.04
Other Expenses	1,041.25	1,041.25	235.32	805.93
Codification of Ordinances	10,000.00	10,000.00	10,000.00	-
Elections				
Other Expenses	1,187.14	662.14		662.14
Assessment of Taxes				
Salaries & Wages	112.31	112.31		112.31
Other Expenses	698.48	698.48		698.48
Collection of Taxes				
Salaries & Wages	1,853.60	1,853.60		1,853.60
Other Expenses	555.56	555.56		555.56
Liquidation of Tax Title Liens				
Other Expenses	100.00	100.00		100.00
Grant Coordinator - Contractual	66.25	66.25		66.25
Legal Services and Costs				
Other Expenses	136,452.05	136,452.05	7,004.89	129,447.16
Code Enforcement Officer				
Salaries & Wages	3,214.50	3,214.50		3,214.50
Other Expenses	100.00	100.00		100.00
Zoning Officer				
Salaries & Wages	88.88	88.88		88.88
Planning and Zoning				
Salaries & Wages	306.12	306.12		306.12
Other Expenses	842.16	842.16		842.16

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Public Works, Parks & Public Property:				
Director's Office				
Salaries & Wages	\$ 86.75	\$ 86.75		\$ 86.75
Other Expenses	150.84	150.84		150.84
Public Building and Grounds				
Other Expenses	1,194.44	1,194.44	1,194.44	-
Road Repairs and Maintenance				
Other Expenses	3,007.13	3,007.13	1,766.98	1,240.15
Garbage and Trash Removal				
Other Expenses	5,607.95	5,607.95	2,666.22	2,941.73
Recycling				
Other Expenses	2,829.20	2,829.20	1,396.25	1,432.95
Shade Tree Commission				
Other Expenses	180.00	180.00	71.25	108.75
Parks and Playgrounds				
Other Expenses	200.00	200.00		200.00
Recreation				
Other Expenses	200.00	200.00		200.00
Environmental Commission				
Other Expenses	116.80	116.80		116.80
Electric	5,807.79	5,807.79	2,053.95	3,753.84
Street Lighting	606.95	606.95		606.95
Telephone	1,613.49	1,613.49	728.69	884.80
Fuel Oil	3,362.95	3,362.95	2,040.79	1,322.16
Gasoline/Diesel Fuel	1,822.85	1,822.85		1,822.85
Postage	1,700.91	1,700.91		1,700.91
General Office Operations	881.42	881.42	845.50	35.92

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

	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2010</u>	<u>After</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
		<u>Transfers</u>	<u>Transfers</u>		
Statutory Expenditures	\$	1,453.75	\$ 1,453.75	\$	1,453.75
Social Security System (O.A.S.I)		80.04	80.04		80.04
Unemployment Compensation Insurance					
Municipal Court					
Salaries & Wages		0.58	0.58		0.58
Other Expenses		312.64	312.64	119.90	192.74
Insurance					
General Liability		4,564.52	4,564.52		4,564.52
Workers Compensation Insurance		12,776.48	12,776.48		12,776.48
Matching Funds for Grants		2,000.00	2,000.00		2,000.00
TOTALS	\$	<u>247,980.26</u>	\$ <u>247,980.26</u>	\$ <u>52,604.84</u>	\$ <u>195,375.42</u>
	Ref.	A		A-4	A-1
Appropriation Reserves	\$	218,581.75			
Encumbrances Payable	\$	<u>19,398.51</u>			
	\$	<u>237,980.26</u>			
Cash Disbursed - Appropriation Reserves	\$			52,604.84	
Accounts Payable	\$			<u>52,604.84</u>	

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

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State:					
New Jersey Transportation Trust Fund Authority Act of 1984:					
Park Avenue	\$ 27,979.01	\$		27,979.01	-
Stevens Street	17,250.00			17,250.00	-
Fifth Avenue	11,838.08			11,838.08	-
Columbia Avenue	50,908.87				50,908.87
Fow Avenue	50,000.00				50,000.00
Second Avenue	16,023.95				16,023.95
NJDOT: 2007	10,243.60			10,243.60	-
NJ DEPE Green Acres Grant	2,000.00			2,000.00	-
Jersey Fresh Grant	500.00			500.00	-
Clean Communities		4,187.34	4,187.34		-
Green Communities	10.00			10.00	-
Statewide Livable Communities Grant-					
ADA Municipal Building Upgrade	11,187.40			11,187.40	-
DEP Community Stewardship Program	4,948.20			4,948.20	-
Smart Growth	3,403.69			3,403.69	-
Federal:					
Small Cities	121.00			121.00	-
Small Cities - 2010	84,909.00		84,909.00		-
Sewage Infrastructure	2,833.00			2,833.00	-
TOTALS	\$ 294,155.80	\$ 4,187.34	\$ 89,096.34	\$ 92,313.98	\$ 116,932.82
Ref.	A				A

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Balance</u> Dec. 31, 2011
State:				
Alcohol Education Rehabilitation	\$ 452.45	\$ 323.61	\$ 776.06	\$ -
Recycling Tonnage		3,146.40	1,575.00	1,571.40
Stormwater Management Grant	1,705.00			1,705.00
Federal:				
Small Cities Program - 2002	15,645.00			15,645.00
TOTALS	<u>\$ 17,802.45</u>	<u>\$ 3,470.01</u>	<u>\$ 2,351.06</u>	<u>\$ 18,921.40</u>
Ref.	A			A

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
State:					
New Jersey Transportation Trust:					
Fund Authority Act of 1984:					
Park Avenue	\$ 11,804.56	\$		\$ 11,804.56	-
Stevens Street	8,594.70			8,594.70	-
Fifth Avenue	8,067.83			8,067.83	-
Columbia Avenue	41,163.22				41,163.22
Second Avenue	10,494.94				10,494.94
NJDOT: 2007	10,704.60			10,704.60	-
Clean Communities	5,079.15	4,187.34	8,827.13		439.36
Green Communities	1,010.00			1,010.00	-
Stormwater Regulations	506.02			506.02	-
DCA Smart Future Planning Grant	16.59			16.59	-
Alcohol Education and Rehabilitation	3,590.38	776.06	181.00		4,185.44
Solid Waste Recycling	7,640.43				7,640.43
Recycling Tonnage	15,309.85	1,575.00	4,327.00		12,557.85
Jersey Fresh	500.00			500.00	-
Environmental Services	5,000.00			5,000.00	-
Emergency Management Relief	2,576.25				2,576.25
Municipal Alliance - Local Share	2,039.90				2,039.90
NJ DEPE Green Acres Grant	2,000.00			2,000.00	-
Special Purpose Grant-Volunteer Fire Co.	4.13			4.13	-
Hepatitis B	1,275.00			1,275.00	-
Cape May County Recycling	268.32				268.32
Cape May County MUA	3,959.45				3,959.45

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
Federal:					
Small Cities	\$ 8,223.49	\$		8,223.49	\$ -
Small Cities - 2002 Program	10,479.31			10,479.31	-
Small Cities - 2010 Program	81,499.00		81,499.00		-
Sewage Infrastructure	13,033.30			13,033.30	-
Division of Parks & Forestry - Shade Tree Grant	855.53			855.53	-
TOTALS	<u>\$ 255,695.95</u>	<u>\$ 6,538.40</u>	<u>\$ 94,834.13</u>	<u>\$ 82,075.06</u>	<u>\$ 85,325.16</u>
Ref.	A			A	
		Cash Disbursed	\$ 94,834.13	A-4	
		Net Encumbrances	<u>-</u>	A	
		\$	<u>\$ 94,834.13</u>		

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

Balance December 31, 2010	<u>Ref.</u> B		\$ 2,890.65
Increased By Receipts:			
Dog Licenses Fees		\$ 712.41	
State License Fees		56.40	
		<hr/>	<hr/>
			768.81
			<hr/>
			3,659.46
Decreased By Disbursements:			
State License Fees		56.40	
Due to Current Fund		1,680.25	
		<hr/>	<hr/>
			1,736.65
Balance December 31, 2011	B		<u>\$ 1,922.81</u>

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

Balance December 31, 2010	<u>Ref.</u> B		\$ 264,025.38
Increased By Receipts:			
Tax Title Liens		\$ 73,623.99	
Site Plan Escrow Deposits		18,085.81	
COAH Fees		41,377.27	
Public Assistance		22.66	
Other Trust Fund Receipts		77,076.32	
Due to / from Current Fund		<u>247.13</u>	
			<u>210,433.18</u>
			474,458.56
Decreased By Disbursements:			
Tax Title Lien Redemptions		45,020.81	
Site Plan Escrow Deposits Returned		19,434.47	
Public Assistance		10.62	
Shade Tree		11,328.59	
Other Trust Fund Disbursements		60,192.08	
Due to / from Current Fund		<u>8,084.97</u>	
			<u>144,071.54</u>
Balance December 31, 2011	B		<u>\$ 330,387.02</u>

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

Balance December 31, 2010	<u>Ref.</u> B		\$	1,208.40
Increased By:				
Dog Licenses Fees Collected		\$		705.60
Miscellaneous				6.81
				<u>712.41</u>
				1,920.81
Decreased By Disbursements:				
None				-
Balance December 31, 2011	B		\$	<u><u>1,920.81</u></u>
License Fees Collected				
	<u>Year</u>			
	2009	609.60		
	2010	747.00		
		<u>1,356.60</u>	\$	

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2010	<u>Ref.</u> B		\$	2.00
Increased By:				
Collected in 2011		\$		56.40
				<u>56.40</u>
				58.40
Decreased By:				
Paid to State of New Jersey		56.40		
				<u>56.40</u>
Balance December 31, 2011	B		\$	<u><u>2.00</u></u>

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

Balance December 31, 2010	<u>Ref.</u> C		\$ 147,541.74
Increased By Receipts:			
Due from Current Fund		\$ 235,132.82	
Proceeds from Bond Anticipation Notes		<u>330,000.00</u>	
			<u>565,132.82</u>
			712,674.56
Decreased By Disbursements:			
Improvement Authorizations		104,953.00	
Encumbrances Payable		12,200.10	
Paydown of Bond Anticipation Notes		<u>492,248.00</u>	
			<u>609,401.10</u>
Balance December 31, 2011	C		<u>\$ 103,273.46</u>

BOROUGH OF WEST CAPE MAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To		
Fund Balance	\$ 202.39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	202.39
Capital Improvement Fund	20,400.00								25,900.00
Due to (from) Current Fund	(65,609.12)	235,132.82		162,248.00		5,500.00			1,775.70
Encumbrances Payable	12,200.10			12,200.10					-
Reserve for: Purchase of Fire Equipment	535.28								535.28
<u>Improvement Authorizations</u>									
Ord. Number									
292-01 Improvements to Municipal Buildings	177.10								177.10
324-03 Various Improvements	2,725.95								2,725.95
349-05 Public Safety Equipment	2.89								2.89
355-05 Various Improvements	8,659.98								8,659.98
367-06 Various Improvements	10,700.00								7,240.00
374-06 Various Improvements	27,945.50			3,460.00					26,367.50
390-07 Various Improvements	1,247.67			1,578.00					1,247.67
406-07 Various Improvements	25,698.00								25,698.00
389-07 Solar Panels - County	734.00								734.00
413-08 Various Improvements - County	2,522.00			515.00					2,007.00
445-10 Various Improvements	99,400.00			99,400.00					-
	<u>\$ 147,541.74</u>	<u>\$ -</u>	<u>\$ 235,132.82</u>	<u>\$ 104,953.00</u>	<u>\$ 174,448.10</u>	<u>\$ 5,500.00</u>	<u>\$ 5,500.00</u>	<u>\$ 103,273.46</u>	<u>C</u>
Ref.									

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

Balance December 31, 2010	<u>Ref.</u> C		\$ 20,400.00
Increased By:			
Budget Appropriation		\$ 5,500.00	
		<hr/>	<hr/>
			5,500.00
			<hr/>
			25,900.00
Decreased By:			
None		-	
		<hr/>	<hr/>
			-
Balance December 31, 2011	C		\$ <u><u>25,900.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2010	<u>Ref.</u> C		\$ -
Increased By:			
None		\$ -	
		<hr/>	<hr/>
			-
Decreased By:			
None		-	
		<hr/>	<hr/>
			-
Balance December 31, 2011	C		\$ <u><u>-</u></u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	Notes Paid by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance	
					Bond Anticipation Note	Unexpended Improvement Authorization
308-02	Various Improvements	\$ 12,679.33	\$ 12,679.33	\$ -	\$ -	
321-02	Purchase of Fire Truck	20,000.00	20,000.00	-	-	
324-03	Various Improvements	102,820.67	62,820.67	40,000.00	40,000.00	-
337-04	Various Improvements	10,250.00	10,250.00	-	-	
355-05	Various Improvements	31,000.00	11,000.00	20,000.00	20,000.00	-
367-06	Various Improvements	11,300.00	11,300.00	-	-	
374-06	Various Improvements	75,700.00	5,700.00	70,000.00	70,000.00	-
390-07	Various Improvements	41,500.00	6,500.00	35,000.00	35,000.00	-
406-07	Various Improvements	34,200.00	11,998.00	22,202.00	20,000.00	2,202.00
413-08	Various Improvements - County	50,500.00	5,500.00	45,000.00	45,000.00	-
445-10	Various Improvements	104,500.00	4,500.00	100,000.00	100,000.00	
		\$ 494,450.00	\$ 162,248.00	\$ 332,202.00	\$ 330,000.00	\$ 2,202.00
		C		C		
Ref.						
			Improvement Authorizations - Unfunded	\$		\$ 63,210.10
			Less - Unexpended Note Proceeds:			
			Ordinance 324-03			(2,725.95)
			Ordinance 355-05			(8,659.98)
			Ordinance 374-06			(26,367.50)
			Ordinance 390-07			(1,247.67)
			Ordinance 406-07			(20,000.00)
			Ordinance 413-08			(2,007.00)
						<u>2,202.00</u>

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded		Funded	Unfunded
292-01	Improvements to Municipal Buildings	4/3/2001	\$ 125,000	\$ 177.10	\$ -	\$ 177.10	\$ -	
324-03	Various Improvements	3/4/2004	250,000		2,725.95		2,725.95	
349-05	Public Safety Equipment	10/4/2005	8,243	2.89		2.89		
355-05	Various Improvements	10/4/2005	80,000		8,659.98		8,659.98	
367-06	Various Improvements	12/13/2006	61,300		10,700.00	3,460.00	7,240.00	
374-06	Various Improvements	6/8/2006	106,000		27,945.50	1,578.00	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		27,900.00		22,202.00	
413-08	Various Improvements - County	7/23/2008	120,000		2,522.00	515.00	2,007.00	
445-10	Various Improvements	4/28/2010	110,000		99,400.00	99,400.00		
				\$ 913.99	\$ 181,101.10	\$ 104,953.00	\$ 13,851.99	\$ 63,210.10
			Ref.	C	C	C-2	C	C

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
308-02	Various Improvements	10/31/2002	10/1/2010	9/30/2011	1.18%	\$ 15,000.00	\$ -	\$ 15,000.00	\$ -
321-02	Purchase of Ladder Truck	10/30/2003	10/1/2010	9/30/2011	1.18%	20,000.00	-	20,000.00	-
324-03	Various Capital Improvements	10/30/2003	10/1/2010	9/30/2011	1.18%	100,500.00	-	100,500.00	-
324-03	Various Capital Improvements	10/30/2003	9/30/2011	9/28/2012	1.10%	-	40,000.00	-	40,000.00
337-04	Various Capital Improvements	10/22/2004	10/1/2010	9/30/2011	1.18%	10,250.00	-	10,250.00	-
355-05	Various Improvements	10/5/2006	10/1/2010	9/30/2011	1.18%	31,000.00	-	31,000.00	-
355-05	Various Improvements	10/5/2006	9/30/2011	9/28/2012	1.10%	-	20,000.00	-	20,000.00
367-06	Various Improvements	10/1/2010	10/1/2010	9/30/2011	1.18%	11,300.00	-	11,300.00	-
374-06	Various Improvements	10/3/2007	10/1/2010	9/30/2011	1.18%	75,700.00	-	75,700.00	-
374-06	Various Improvements	10/3/2007	9/30/2011	9/28/2012	1.10%	-	70,000.00	-	70,000.00
390-07	Various Improvements	10/3/2007	10/1/2010	9/30/2011	1.18%	41,500.00	-	41,500.00	-
390-07	Various Improvements	10/3/2007	9/30/2011	9/28/2012	1.10%	-	35,000.00	-	35,000.00
406-07	Various Improvements	10/1/2010	10/1/2010	9/30/2011	1.18%	31,998.00	-	31,998.00	-
406-07	Various Improvements	10/1/2010	9/30/2011	9/28/2012	1.10%	-	20,000.00	-	20,000.00
413-08	Various Improvements - County	10/2/2008	10/1/2010	9/30/2011	1.18%	50,500.00	-	50,500.00	-
413-08	Various Improvements - County	10/2/2008	9/30/2011	9/28/2012	1.10%	-	45,000.00	-	45,000.00
445-10	Various Improvements	10/1/2010	10/1/2010	9/30/2011	1.18%	104,500.00	-	104,500.00	-
445-10	Various Improvements	10/1/2010	9/30/2011	9/28/2012	1.10%	-	100,000.00	-	100,000.00
						\$ 492,248.00	\$ 330,000.00	\$ 492,248.00	\$ 330,000.00
					Ref.	C			C

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>Bonds, Notes or Grants Issued</u>	<u>Balance Dec. 31, 2011</u>
406-07	Various Improvements	2,202.00			2,202.00
		<u>\$ 2,202.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,202.00</u>
Ref.		C			C

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

	<u>Ref.</u>	<u>Operating</u>	
Balance December 31, 2010	D	\$	<u>709,475.28</u>
Increased by Receipts:			
Water & Sewer Rent Collected		\$	885,152.58
Water & Sewer Overpayments			12,308.48
Miscellaneous			23,485.02
Due from Current Fund			68,090.79
Due from Water & Sewer Capital Fund			<u>114,322.00</u>
			<u>1,103,358.87</u>
			<u>1,812,834.15</u>
Decreased by Disbursements:			
Current Appropriations			756,404.24
Appropriation Reserves			20,907.57
Due from Water & Sewer Capital Fund			2,623.90
Accrued Interest on Notes and Loans			<u>105,007.47</u>
			<u>884,943.18</u>
Balance December 31, 2011	D	\$	<u><u>927,890.97</u></u>

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

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Misc.	Improvement Authorizations	From	To		
Capital Improvement Fund	\$ 110,000.00	\$	\$	\$	\$	\$	110,000.00
Capital Fund Balance	225.00						225.00
USDA Grant Receivable				708,000.00	377,452.00		(330,548.00)
Due to/(from):							
Current Fund	2,623.90	68,836.60		263,130.00			(191,669.50)
Water & Sewer Operating Fund	(505,390.71)	2,623.90		114,322.00			(617,088.81)
Encumbrances Payable	36,687.81						36,687.81
Reserve for Debt Service	137,854.00						137,854.00
<u>Improvement Authorizations</u>							
Ord.							
171-91 Various Improvements	(800.00)						(800.00)
446-10 Improvements to Water and Sewer Infrastructure	218,800.00		71,460.50		708,000.00		147,339.50
464-11 Water / Sewer Utility Improvements							708,000.00
	\$ -	\$ 71,460.50	\$ 71,460.50	\$ 1,085,452.00	\$ 1,085,452.00	\$	\$ -
	E						E

Ref.

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

Balance December 31, 2010	<u>Ref.</u> D		\$	59,747.84
Increased By:				
Water & Sewer Levy		\$ 878,464.15		
				878,464.15
				938,211.99
Decreased By:				
Collections		885,152.58		
Overpayments Applied		5,621.15		
				890,773.73
Balance December 31, 2011	D		\$	47,438.26

SCHEDULE OF UTILITY LIENS

Balance December 31, 2010	<u>Ref.</u> D		\$	-
Increased By:				
None		\$ -		
				-
				-
Decreased By:				
None		-		
				-
Balance December 31, 2011	D		\$	-

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 13,012.33	\$ 13,012.33		\$ 13,012.33
Other Expenses	20,907.57	20,907.57	20,907.57	-
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	473.48	473.48		473.48
TOTALS	\$ 34,393.38	\$ 34,393.38	\$ 20,907.57	\$ 13,485.81
Rep.			D-5	D-1
Appropriation Reserves	\$ 31,635.65			
Encumbrances Payable	2,757.73			
	\$ 34,393.38			

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

Balance December 31, 2010	<u>Ref.</u> D		\$	110,000.00
Increased By:				
None		\$		-
				-
				110,000.00
Decreased By:				
None				-
				-
Balance December 31, 2011	D		\$	110,000.00

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

Balance December 31, 2010	<u>Ref.</u> D		\$	25,942.80
Increased By:				
USDA & BAN Interest Budget		\$		<u>102,861.23</u>
				<u>102,861.23</u>
				128,804.03
Decreased By:				
USDA & BAN Interest Paid				<u>105,007.47</u>
				<u>105,007.47</u>
Balance December 31, 2011	D		\$	<u><u>23,796.56</u></u>

Analysis of Accrued Interest December 31, 2011

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days	Amount
\$ 198,318.53	5.000%	12/2/2011	12/31/2011	29	\$ 799.78
533,127.74	4.500%	10/29/2011	12/31/2011	63	4,198.38
899,689.88	4.125%	7/22/2011	12/31/2011	162	16,701.49
730,000.00	1.100%	9/28/2011	12/31/2011	94	2,096.90
\$ 2,361,136.15					\$ 23,796.56

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

Ord. Number	Improvement Description	Ord. Date	Amount	2010		2011 Authorizations		Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded	Deferred Charges to Future Revenue	Grants		Funded	Unfunded
446-10	Improvements to Water and Sewer Infrastructure	3/10/2010	\$ 220,000	\$ 9,800.00	\$ 209,000.00	\$ -	\$ 71,460.50	\$ -	\$ 147,339.50	
464-11	Water / Sewer Utility Improvements	11/9/2011	3,013,000			2,305,000.00	708,000.00			3,013,000.00
			Ref.	\$ 9,800.00	\$ 209,000.00	\$ 2,305,000.00	\$ 708,000.00	\$ 71,460.50	\$ -	\$ 3,160,339.50
				D	D			D	D	D
						Cash Disbursed Encumbered		\$ 71,460.50		
								\$ 71,460.50		

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding		Interest Rate	Decreased	Balance Dec. 31, 2011
			December 31, 2011 Date	December 31, 2011 Amount			
Replace Septic System	12/2/1992	\$ 293,200	*****	*****	5.000%	\$ 6,850.69	\$ 198,318.53
USDA Bond - semi-annual payments of \$8,512.00 due on June 2 and December 2. Final payment December 2, 2032							
Sanitary Sewer System Impro.	10/29/2004	\$ 576,000	*****	*****	4.500%	\$ 6,960.42	\$ 533,127.74
USDA Bond - semi-annual payments of \$15,593.00 due on April 28 and October 28. Final payment October 28, 2044							
Sanitary Sewer System Impro.	1/22/2010	\$ 924,000	*****	*****	4.125%	\$ 9,958.71	\$ 899,689.88
USDA Bond - semi-annual payments of \$23,692.00 due on January 22 and July 22. Final payment July 22, 2049							

BOROUGH OF WEST CAPE MAY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
314-02	Sewer Main Replacement - 2002	10/3/2007	10/1/2011	9/28/2012	1.100% \$	\$ 400,000.00	\$ 360,000.00	\$ 400,000.00	\$ 360,000.00
243-96	Sanitary Sewer System	10/1/2010	10/1/2011	9/28/2012	1.100%	28,500.00	25,000.00	28,500.00	25,000.00
330-03	Sewer Main Replacement - 2003	10/1/2010	10/1/2011	9/28/2012	1.100%	151,252.00	145,000.00	151,252.00	145,000.00
356-05	USDA Phase II Sewer & Water	10/1/2010	10/1/2011	9/28/2012	1.100%	9,000.00		9,000.00	-
446-10	Improvements to Water and Sewer Infrastructure	10/1/2010	10/1/2011	9/28/2012	1.100%	209,000.00	200,000.00	209,000.00	200,000.00
					Ref.	\$ 797,752.00	\$ 730,000.00	\$ 797,752.00	\$ 730,000.00
						D	D-4	D	

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>Balance Dec. 31, 2011</u>
171-91	Various Improvements	\$ 800.00	\$	\$ 800.00
464-11	Water / Sewer Utility Improvements	<u> </u>	<u>2,305,000.00</u>	<u>2,305,000.00</u>
		<u>\$ 800.00</u>	<u>\$ 2,305,000.00</u>	<u>\$ 2,305,800.00</u>
	Ref.	D		D

BOROUGH OF WEST CAPE MAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2011

1535 HAVEN AVENUE • PO BOX 538
OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548
MAYS LANDING, NJ 08330
PHONE 609.625.0999 • FAX 609.625.2421

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

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

We have audited the financial statements – statutory basis of the Borough of West Cape May, State of New Jersey (the “Borough”), as of and for the year ended December 31, 2011, and have issued our report thereon dated June 29, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2011-1, which we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of West Cape May's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division.

We noted certain matters that we reported to management of the Borough of West Cape May in a separate letter dated June 29, 2012.

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

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

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

June 29, 2012

BOROUGH OF WEST CAPE MAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2011

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting" dated June 29, 2012.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiencies identified? **YES**

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

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

In accordance with Government Auditing Standards, our audit disclosed one finding relating to the financial statements – statutory basis that are required to be reported. The finding is located on page 81 of this report. In addition, we have issued a Management Letter.

MANAGEMENT RESPONSES

The Borough will adopt a Corrective Action Plan in response to the finding.

STATUS OF PRIOR YEAR FINDINGS

Financial Statement Finding

Finding #2010-1:

The Current Fund and Utility Fund temporary budgets were calculated in excess of the maximum allowable amount.

Condition:

The temporary budget was not calculated correctly as required by N.J.S.A. 40A:5-15.

Current Status

The Condition has been resolved for 2011.

Finding #2010-2:

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

Condition:

The General Ledger was not consistently reconciled with subledgers.

Current Status

The Condition has not been resolved for 2011 and is listed as item 2011-1 in the current year.

BOROUGH OF WEST CAPE MAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2011
(CONTINUED)

STATUS OF PRIOR YEAR FINDINGS (Continued)

Financial Statement Finding (Continued)

Finding #2010-3:

There was an Overexpenditure of in the Water & Sewer Utility Fund.

Condition:

Accrued interest resulted in the overexpenditure of an appropriation.

Current Status

The Condition has been resolved for 2011.

BOROUGH OF WEST CAPE MAY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. During 2011 the bid threshold was \$26,000.

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

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

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

Solid Waste and Recyclable Materials Collection

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

BE IT FURTHER RESOLVED by the Borough Commissioners of the Borough of West Cape May, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the year 2011.

This Resolution shall take effect January 1, 2011.

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

BOROUGH OF WEST CAPE MAY

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete.

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

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

<u>Year</u>	<u>Number</u>
2011	13
2010	12
2009	12

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2010 and 2011 Taxes	25
Delinquent Taxes	15
Payment of Water and Sewer Rents	25
Delinquent Water and Sewer Rents	15
Total	<u>80</u>

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that in most cases, deposits were made within 48 hours.

BOROUGH OF WEST CAPE MAY

FINDINGS AND RECOMMENDATIONS

Finding #2011-1:

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

Criteria:

Technical Accounting Directive #3 requires that all local units maintain a General Ledger Accounting System for the current fund in accordance with certain minimum standards which includes supporting ledgers. These standards shall be applicable for all funds of the local unit: current, state and federal grant, capital, all trusts and utilities.

Condition:

The General Ledger was not consistently reconciled with subledgers.

Context:

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

Effect:

As a result of not properly reconciling general ledger with the corresponding subledgers, not all transactions were properly recorded nor were transfers made within the period in which the disbursements occurred.

Recommendation:

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

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

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

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

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

June 29, 2012