

**CITY OF CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2012**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Cape May
County of Cape May, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Cape May, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Cape May as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cape May's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013 on our consideration of the City of Cape May's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cape May's internal control over financial reporting and compliance.

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

Leon P. Costello

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

May 31, 2013

CITY OF CAPE MAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 5,557,757.37	\$ 5,077,707.69
Change and Petty Cash Funds		<u>1,200.00</u>	<u>1,200.00</u>
		<u>5,558,957.37</u>	<u>5,078,907.69</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	311,974.83	380,249.28
Tax Title Liens Receivable	A-8	80,232.68	57,990.00
Due from TTL Premium		42.61	18.38
Due from Animal Control		14.50	-
Property Acquired for Taxes at Assessed Valuation		83,316.00	83,316.00
Revenue Accounts Receivable	A-9	3,336.57	5,296.41
		<u>478,917.19</u>	<u>526,870.07</u>
Deferred Charges:			
Special Emergencies (40A:4-53)		95,000.00	190,000.00
Overexpenditure of Appropriation Reserves		-	1,443.50
		<u>95,000.00</u>	<u>191,443.50</u>
		<u>6,132,874.56</u>	<u>5,797,221.26</u>
Federal and State Grant Fund:			
Cash	A-4	2,702.38	2,700.45
Due from Current Fund		129,010.06	71,045.06
Revolving Loan Receivable		600,000.00	600,000.00
Grant Receivables	A-11	424,178.73	422,006.73
		<u>1,155,891.17</u>	<u>1,095,752.24</u>
		<u>\$ 7,288,765.73</u>	<u>\$ 6,892,973.50</u>

CITY OF CAPE MAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 837,169.35	\$ 870,657.42
Reserve for Encumbrances	A-3	287,881.36	248,225.33
Due to State of New Jersey:			
Marriage Licenses		625.00	625.00
DCA Training Fees		4,116.00	3,918.00
Chapter 20 P.L. 1971		4,597.43	3,560.46
Prepaid Taxes		496,648.16	414,995.94
Tax Overpayments		14,549.46	11,941.92
Payroll Taxes Payable		24,089.88	83,323.74
Accounts Payable		1,025.00	-
County Added Tax Payable		9,622.18	8,001.92
Local School Tax Payable (Overpaid)		(4.24)	(4.24)
Regional School Tax (Overpaid)		(0.08)	(797.81)
Tax Title Lien Exchange		1,482.58	21,864.15
Reserve for Section 8		16,394.81	16,394.81
Reserve for Codification of Ordinances		353.16	353.16
Reserve for Purchase of Ambulance		160.71	160.71
Reserve for Payment of Bonds and Coupons		15,080.51	15,080.51
Reserve for Escrow Deposits		137,732.51	163,628.00
Reserve for State Tax Appeal		4,558.48	4,558.48
Reserve for Revaluation		48,455.00	48,455.00
Reserve for Master Plan		27,744.12	27,744.12
Interfunds Payable:			
Due to Tourism Commission		11,926.45	-
Federal and State Grant Fund		129,010.06	71,045.06
		<u>2,073,217.89</u>	<u>2,013,731.68</u>
Reserve for Receivables and Other Assets		478,917.19	526,870.07
Fund Balance	A-1	<u>3,580,739.48</u>	<u>3,256,619.51</u>
		<u>6,132,874.56</u>	<u>5,797,221.26</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	12,668.42	6,469.47
Appropriated Reserves	A-13	543,222.75	486,782.77
Encumbrances Payable		-	2,500.00
Reserve for Revolving Loans Receivable		600,000.00	600,000.00
		<u>1,155,891.17</u>	<u>1,095,752.24</u>
		<u>\$ 7,288,765.73</u>	<u>\$ 6,892,973.50</u>

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,050,000.00	\$ 2,050,000.00
Miscellaneous Revenue Anticipated		5,548,119.76	5,538,251.39
Receipts from Delinquent Taxes		371,805.35	331,343.31
Receipts from Current Taxes		22,802,192.10	21,491,499.05
Non-Budget Revenue		264,993.28	226,660.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		706,433.73	631,495.02
Total Income		<u>31,743,544.22</u>	<u>30,269,249.51</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		5,628,899.00	5,533,546.00
Other Expenses		4,218,649.00	4,051,210.00
Deferred Charges & Statutory Expenditures		1,406,011.50	1,474,098.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		672,696.00	653,104.00
Other Expenses		258,285.50	214,688.91
Capital Improvements		257,000.00	222,000.00
Municipal Debt Service		2,235,072.60	2,143,602.12
Deferred Charges & Judgments		95,000.00	112,382.13
County Taxes		6,727,311.09	6,287,592.96
County Added and Omitted Taxes		9,622.18	8,001.92
Local District School Tax		1,483,921.00	1,483,921.00
Regional High School District School Tax		6,376,628.61	5,803,073.16
Refund of Prior Year Revenue		289.04	500.00
Interfund Created		38.73	18.38
Total Expenditures		<u>29,369,424.25</u>	<u>27,987,738.58</u>

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ <u>2,374,119.97</u>	\$ <u>2,281,510.93</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance		2,374,119.97	2,281,510.93
Fund Balance January 1	A	<u>3,256,619.51</u>	<u>3,025,108.58</u>
		5,630,739.48	5,306,619.51
Decreased by:			
Utilization as Anticipated Revenue		<u>2,050,000.00</u>	<u>2,050,000.00</u>
Fund Balance December 31	A	<u>\$ <u>3,580,739.48</u></u>	<u>\$ <u>3,256,619.51</u></u>

CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 2,050,000.00	\$ -	\$ 2,050,000.00	\$ -
		<u>2,050,000.00</u>	<u>-</u>	<u>2,050,000.00</u>	<u>-</u>
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		55,000.00		55,940.00	940.00
Other		305,000.00		313,475.90	8,475.90
Fees and Permits		160,000.00		196,612.50	36,612.50
Fines and Costs:					
Municipal Court		230,000.00		217,399.30	(12,600.70)
Interest and Costs on Taxes		65,000.00		81,410.11	16,410.11
Parking Meters		960,000.00		1,080,769.18	120,769.18
Interest on Investments and Deposits		15,000.00		5,584.77	(9,415.23)
Hotel Room Tax		1,000,000.00		1,122,000.00	122,000.00
Lease and Rent Contracts		450,000.00		544,985.82	94,985.82
TV Cable Receipts		34,750.00		36,095.03	1,345.03
Victorian Towers - In Lieu of Taxes		135,000.00		145,841.88	10,841.88
Emergency Medical Services		290,000.00		353,188.09	63,188.09
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		337,632.00		337,632.00	-
Uniform Construction Code Fees		235,000.00		179,887.00	(55,113.00)
Interlocal Services Agreement -					
West Cape May - Police Protection		419,304.00		419,306.68	2.68
Cape May Point - Police Protection		253,392.00		253,393.00	1.00

CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Excess or (Deficit)
		Budget	N.J.S. 40A:4-87	
Miscellaneous Revenues (continued):				
Special Items:				
State and Federal Programs Off-Set by Revenues:				
Alcohol Education & Rehabilitation		\$ -	\$ 269.82	\$ -
Estate of Edward Ross		-	80,000.00	-
Clean Communities		-	14,573.66	-
Drunk Driving		4,122.57	4,122.57	-
Body Armor		-	2,426.45	-
DEP 2012 Historic Resources Survey #2		-	24,999.00	-
Housing Inspections		-	10,279.00	-
Other Special Items:				
Beach Utility Debt Service		17,928.00		-
Water & Sewer Utility Contribution to Street Improvements		50,000.00		-
Total Miscellaneous Revenues	A-1	5,017,128.57	132,547.93	398,443.26
Receipts from Delinquent Taxes	A-1:A-2	303,000.00		68,805.35
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes		\$ 8,216,038.10	\$ -	\$ 682,485.61
Total Amount to be Raised by Taxes for Support of Municipal Budget		8,216,038.10	-	682,485.61
Budget Totals		15,586,166.67	132,547.93	1,149,734.22
Non-Budget Revenues		-	264,993.28	264,993.28
		\$ 15,586,166.67	\$ 132,547.93	\$ 1,414,727.50

CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 22,802,192.10
Less:	
Reserve for State Tax Appeal	-
Plus:	
Prior Year State Tax Appeal Withdrawn	-
Allocated to:	
School, County and Other Taxes	<u>14,849,341.99</u>
Balance for Support of Municipal Budget Appropriations	7,952,850.11
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>945,673.60</u>
Amount for Support of Municipal	
Budget Appropriations	<u>\$ 8,898,523.71</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 371,805.35
Tax Title Lien Collections	-
	<u>\$ 371,805.35</u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Accident Reports	\$ 758.50
Marriage Donation	14,675.00
Clerk's Office	13,576.40
Tax Sale Costs	907.52
Shade Tree	1,687.50
Geographic Info System	21,725.00
Copy Machine	150.83
Parking Fees	9,600.00
Cape May Point - Court	2,917.48
Restitution	1,740.58
Sale of Municipal Assets	19,205.32
NSF Fees	540.00
2% Admin Fee	1,064.21
Dog Excess Revenue	1,149.62
Tax / Fin Miscellaneous	<u>175,295.32</u>
	<u>\$ 264,993.28</u>

**CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration						
Salaries and Wages	\$ 162,630.00	\$ 117,630.00	\$ 109,990.01	\$ -	\$ 7,639.99	\$ -
Other Expenses	103,600.00	103,600.00	67,152.25	22,410.45	14,037.30	
Mayor and Council						
Salaries and Wages	45,875.00	45,875.00	38,918.17	-	6,956.83	
Other Expenses	6,775.00	6,775.00	2,086.55	103.36	4,585.09	
City Clerk						
Salaries and Wages	170,520.00	150,520.00	147,450.09	-	3,069.91	
Other Expenses	16,513.00	16,513.00	10,180.83	1,944.62	4,387.55	
Emergency						
Financial Administration						
Salaries and Wages	156,820.00	111,820.00	110,473.98	-	1,346.02	
Other Expenses	10,100.00	10,100.00	6,845.69	1,309.54	1,944.77	
Audit Services						
Other Expenses	28,000.00	28,000.00	28,000.00	-	-	
Assessment of Taxes						
Salaries and Wages	94,500.00	94,500.00	93,532.34		967.66	
Other Expenses	16,885.00	16,885.00	14,449.94	560.45	1,874.61	
Collection of Taxes						
Salaries and Wages	111,350.00	111,350.00	110,445.01		904.99	
Other Expenses	5,840.00	5,840.00	3,583.28	119.35	2,137.37	
Legal Services						
Other Expenses						
Miscellaneous Other Expenses	160,000.00	170,000.00	90,978.91	29,762.50	49,258.59	
Engineering Services						
Other Expenses	20,000.00	20,000.00	10,778.50	1,436.88	7,784.62	
Economic Development						
Other Expenses	15,000.00	15,000.00	15,000.00	-	-	
Emergency Medical Services - Collection						
Contractual Expenses	18,000.00	18,000.00	11,812.01	651.41	5,536.58	
Grants Coordinator						
Other Expenses	25,000.00	25,000.00	14,025.00	1,225.00	9,750.00	
INSURANCE:						
General Liability	135,200.00	195,200.00	194,411.13	-	788.87	
Workers Compensation Insurance	317,500.00	289,500.00	289,228.11	-	271.89	
Employee Group Health	1,696,656.00	1,643,656.00	1,324,871.78	96,919.62	221,864.60	
Employee Group Health Waivers						
Salaries and Wages	68,000.00	68,000.00			68,000.00	

**CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$ 1,710.00	\$ -	\$ 3,290.00	\$ -
Other Expenses	12,570.00	12,570.00	11,530.92	619.89	419.19	
Zoning Board of Adjustment						
Salaries and Wages	5,000.00	5,000.00	1,080.00	-	3,920.00	
Other Expenses	10,800.00	10,800.00	5,927.06	460.00	4,412.94	
PUBLIC SAFETY:						
Fire						
Salaries and Wages	1,102,000.00	1,252,000.00	1,204,815.91	-	47,184.09	
Other Expenses	41,000.00	41,000.00	35,162.70	5,561.94	275.36	
Aid to Volunteer Fire Company						
Other Expenses	25,000.00	25,000.00	25,000.00	-	-	
Police						
Salaries and Wages	1,928,804.00	1,928,804.00	1,921,901.97	6,298.03	604.00	
Other Expenses	119,160.00	119,160.00	59,956.19	41,374.79	17,829.02	
Emergency Management Services						
Salaries and Wages	5,750.00	5,750.00	5,000.06	-	749.94	
Other Expenses	4,035.00	4,035.00	1,367.13	1,675.99	991.88	
Parking and Traffic Maintenance						
Salaries and Wages	93,000.00	88,000.00	86,022.53	-	1,977.47	
Other Expenses	52,200.00	52,200.00	37,863.74	6,638.64	7,697.62	
Public Safety						
Salaries and Wages	5,000.00	-	-	-	-	
Other Expenses	1,000.00	1,000.00	1,000.00	-	-	
Municipal Court						
Salaries and Wages	168,000.00	168,000.00	149,917.63		18,082.37	
Other Expenses	25,910.00	25,910.00	23,628.19	777.50	1,504.31	
Public Defender						
Other Expenses	8,300.00	8,300.00	6,875.00	625.00	800.00	
PUBLIC WORKS FUNCTIONS:						
Road Repair and Maintenance						
Salaries and Wages	485,550.00	495,550.00	481,373.41	-	14,176.59	
Other Expenses	204,810.00	204,810.00	166,911.53	20,882.04	17,016.43	
Sanitary Landfill - Contractual						
Other Expenses	25,500.00	27,500.00	25,180.83	-	2,319.17	
Recycling						
Salaries and Wages	40,000.00	35,000.00	25,085.95	-	9,914.05	
Other Expenses	296,735.00	296,735.00	283,746.01	8,255.37	4,733.62	

**CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled	
	Budget	Budget After Modification	Paid or Charged	Encumbered			Reserved
				Encumbered	Reserved		
\$	567,500.00	552,500.00	515,103.20	-	\$	37,396.80	
	311,450.00	311,450.00	244,242.84	4,805.86		62,401.30	
Public Buildings and Grounds							
Salaries and Wages	1,800.00	1,800.00	1,080.00	-		720.00	
Other Expenses	32,000.00	32,000.00	17,727.90	1,490.00		12,782.10	
Shade Tree Commission							
Salaries and Wages	2,500.00	2,500.00	1,300.00	-		1,200.00	
Other Expenses							
Property Maintenance Enforcement							
Other Expenses	50.00	50.00	-	-		50.00	
HEALTH AND HUMAN SERVICES:							
Board of Health							
Other Expenses	100.00	100.00	-	-		100.00	
Administration of Public Assistance							
Other Expenses	50.00	50.00	-	-		50.00	
Services of Visiting Nurse							
Other Expenses	1,800.00	1,800.00	450.00	-		1,350.00	
Environmental Commission	4,950.00	4,950.00	940.00	-		4,010.00	
Salaries and Wages							
Other Expenses	122,000.00	122,000.00	122,000.00	-		-	
PARKS AND RECREATION:							
Civic Affairs							
Salaries and Wages	59,000.00	59,000.00	48,460.70	2,586.59		7,952.71	
Other Expenses							
Historic Preservation Commission							
Salaries and Wages	11,000.00	11,000.00	10,443.84	-		556.16	
Other Expenses	20,400.00	20,400.00	6,766.61	1,445.71		12,187.68	
UNIFORM CONSTRUCTION CODE:							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	350,000.00	325,000.00	315,154.54	-		9,845.46	
Other Expenses	13,060.00	13,060.00	10,465.10	79.20		2,515.70	
UNCLASSIFIED:							
Celebration of Public Events, Anniversary or Holiday	35,000.00	38,000.00	36,942.94	1,040.64		16.42	
UTILITY EXPENSES AND BULK PURCHASES:							
General Office Operations	110,000.00	110,000.00	97,938.88	2,962.10		9,099.02	
Street Lighting	117,000.00	128,000.00	104,413.43	22.89		23,563.68	
Gas Lighting	23,000.00	22,500.00	18,409.49	1,836.00		2,254.51	
Gas Lighting - Parts	14,000.00	14,500.00	14,475.00	-		25.00	

**CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 9,846,548.00	\$ 9,846,548.00	\$ 8,821,584.81	\$ 265,881.36	\$ 759,081.83	\$ -
Contingent	1,000.00	1,000.00	-	-	1,000.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	9,847,548.00	9,847,548.00	8,821,584.81	265,881.36	760,081.83	-
Detail:						
Salaries and Wages	5,633,899.00	5,628,899.00	5,451,948.64	6,298.03	170,652.33	-
Other Expenses	4,213,649.00	4,218,649.00	3,369,636.17	259,583.33	589,429.50	-
DEFERRED CHARGES:						
Overexpenditure of Appropriation Reserves	1,443.50	1,443.50	1,443.50	-	-	-
STATUTORY EXPENDITURES:						
Contributions to:						
Public Employees' Retirement System	349,051.00	349,051.00	340,051.00	-	9,000.00	-
Social Security System (O.A.S.I.)	310,000.00	310,000.00	308,623.98	-	1,376.02	-
Police and Firemen's Retirement System	701,517.00	701,517.00	701,517.00	-	-	-
Defined Contribution Retirement Program (DCRP)	2,000.00	2,000.00	632.50	-	1,367.50	-
Unemployment Compensation Insurance	17,000.00	17,000.00	17,000.00	-	-	-
Retirement Trust	25,000.00	25,000.00	25,000.00	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	1,406,011.50	1,406,011.50	1,394,267.98	-	11,743.52	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	11,253,559.50	11,253,559.50	10,215,852.79	265,881.36	771,825.35	-
OPERATIONS EXCLUDED FROM "CAPS"						
Employee Group Health	40,344.00	40,344.00	-	-	40,344.00	-
Length of Service Award Program - Fire	22,000.00	22,000.00	-	22,000.00	-	-
Interlocal Service Agreement						
Contractual - West Cape May - Police Protection	419,304.00	419,304.00	419,304.00	-	-	-
Contractual - Cape May Point - Police Protection	253,392.00	253,392.00	253,392.00	-	-	-
Rental of Property - West Cape May	34,271.00	34,271.00	34,271.00	-	-	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	769,311.00	769,311.00	706,967.00	22,000.00	40,344.00	-
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES						
None	-	-	-	-	-	-
TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES	-	-	-	-	-	-

**CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Drunk Driving Enforcement Fund	\$ 4,122.57	\$ 4,122.57	\$ 4,122.57	\$ -	\$ -	
Alcohol Education & Rehabilitation		269.82	269.82	-	-	
Estate of Edward Ross		80,000.00	80,000.00	-	-	
DEP 2012 Historic Resource Survey		24,999.00	24,999.00	-	-	
Housing Inspections		10,279.00	10,279.00	-	-	
Clean Communities		14,573.66	14,573.66	-	-	
Body Armor		2,426.45	2,426.45	-	-	
Matching Funds for Grants	25,000.00	25,000.00	-	25,000.00	-	
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>29,122.57</u>	<u>161,670.50</u>	<u>136,670.50</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>798,433.57</u>	<u>930,981.50</u>	<u>843,637.50</u>	<u>22,000.00</u>	<u>65,344.00</u>	<u>-</u>
Detail:						
Salaries and Wages	672,696.00	672,696.00	672,696.00			
Other Expenses	125,737.57	258,285.50	170,941.50	22,000.00	65,344.00	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	35,000.00	35,000.00	35,000.00			
Reserve for Open Space	222,000.00	222,000.00	222,000.00			
TOTAL CAPITAL IMPROVEMENTS	<u>257,000.00</u>	<u>257,000.00</u>	<u>257,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT SERVICE						
Payment of Bond Principal	1,460,200.00	1,460,200.00	1,460,190.56			9.44
Payment of Bond Anticipation Notes and Capital Notes	85,000.00	85,000.00	85,000.00			-
Interest on Bonds	363,990.00	363,990.00	363,511.68			478.32
Interest on Notes	157,000.00	157,000.00	156,225.00			775.00
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	149,200.00	149,200.00	149,166.46			33.54
NJEIT Loans and Bonds						
Series 2001A						
Principal	5,300.00	5,300.00	5,300.00			-
Interest	1,960.00	1,960.00	1,960.00			-
Series 2001B						
Principal	10,400.00	10,400.00	10,400.00			-
Interest	3,450.00	3,450.00	3,318.90			131.10
TOTAL DEBT SERVICE	<u>2,236,500.00</u>	<u>2,236,500.00</u>	<u>2,235,072.60</u>	<u>-</u>	<u>-</u>	<u>1,427.40</u>

**CITY OF CAPE MAY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
\$	75,000.00	\$ 75,000.00	\$ 75,000.00	\$ -	\$ -	\$ -
	20,000.00	20,000.00	20,000.00	-	-	-
	<u>95,000.00</u>	<u>95,000.00</u>	<u>95,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Judgments	-	-	-	-	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"						
	3,386,933.57	3,519,481.50	3,430,710.10	22,000.00	65,344.00	1,427.40
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"						
	14,640,493.07	14,773,041.00	13,646,562.89	287,881.36	837,169.35	1,427.40
SUBTOTAL GENERAL APPROPRIATIONS						
Reserve for Uncollected Taxes	945,673.60	945,673.60	945,673.60	-	-	-
TOTAL GENERAL APPROPRIATIONS						
	<u>15,586,166.67</u>	<u>15,718,714.60</u>	<u>14,592,236.49</u>	<u>287,881.36</u>	<u>837,169.35</u>	<u>1,427.40</u>

Adopted Budget
Appropriation by N.J.S.A. 40A:4-87

\$ 15,586,166.67
132,547.93
\$ 15,718,714.60

Reserve for Uncollected Taxes	\$ 945,673.60
Federal and State Grants	136,670.50
Deferred Charges	96,443.50
Due to Tourism Operating	6,288.97
WCM Property Lease	34,271.00
Cash Disbursed	<u>13,372,888.92</u>
	<u>\$ 14,592,236.49</u>

CITY OF CAPE MAY
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ <u>2,091.94</u>	\$ <u>2,383.00</u>
		<u>2,091.94</u>	<u>2,383.00</u>
<u>Other Funds</u>			
Cash and Investments	B-2	<u>2,137,348.49</u>	<u>2,231,077.88</u>
		<u>2,137,348.49</u>	<u>2,231,077.88</u>
		\$ <u>2,139,440.43</u>	\$ <u>2,233,460.88</u>

CITY OF CAPE MAY
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 2,076.24	\$ 2,383.00
Due to State of New Jersey		1.20	-
Due to Current Fund		14.50	-
		<u>2,091.94</u>	<u>2,383.00</u>
<u>Other Funds</u>			
Reserve for:			
Due to Current Fund		42.61	18.38
Recreation Dedicated Trust		-	72,609.53
Unemployment Compensation		4,178.49	720.08
Retirement Fund		138,077.40	178,448.01
Parking Offense Adjudication Act		20,744.65	18,704.38
Street Openings		60,456.16	47,121.29
Tax Lien Premiums		36,564.87	104,564.87
Parking Escrow		19,595.18	19,581.12
Lifeguard Pension		404,891.26	365,603.04
Police Forfeiture		1,579.14	1,578.00
COAH		239,097.86	150,333.22
Neighborhood Revitalization		140,334.69	140,233.92
Security Deposits		30,541.52	29,899.98
DARE		527.11	526.76
Small Cities Block Grant		674,071.83	633,735.70
Public Assistance		3,509.22	3,506.70
Performance Bond		345,263.70	429,520.82
Police Off-Duty		15,556.00	9,640.59
Tourism Development		-	22,566.26
Fishermen's Memorial		2,316.80	2,165.23
		<u>2,137,348.49</u>	<u>2,231,077.88</u>
		<u>\$ 2,139,440.43</u>	<u>\$ 2,233,460.88</u>

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Cash and Investments		\$ 3,892,930.72	\$ 5,046,764.52
Total Cash	C-2,C-3	<u>3,892,930.72</u>	<u>5,046,764.52</u>
State Grant Receivable		110,436.77	30,436.17
NJEIT Loans Receivable		35,670.53	35,670.53
Deferred Charges to Future Taxation:			
Funded	C-5	7,132,618.95	8,748,378.46
Unfunded	C-6	34,887,500.00	35,006,250.00
		<u>\$ 46,059,156.97</u>	<u>\$ 48,867,499.68</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 6,592,638.33	\$ 8,052,828.89
Bond Anticipation Notes Payable	C-9	15,430,000.00	10,415,000.00
Green Trust Loan Payable	C-8A	357,143.12	497,064.41
Environmental Infrastructure Trust Loans Payable	C-8C	182,837.50	198,485.16
Improvement Authorizations:			
Funded	C-7	327,808.65	1,097,995.66
Unfunded	C-7	17,704,925.81	20,051,071.00
Encumbrances Payable		2,469,361.39	5,909,720.41
Reserve to Pay Bonds or Notes		744,182.19	577,074.17
Reserve for Open Space		2,054,569.00	1,832,569.00
Reserves Other		11,575.60	11,575.60
Capital Improvement Fund	C-4	76,250.00	116,250.00
Fund Balance	C-1	107,865.38	107,865.28
		<u>\$ 46,059,156.97</u>	<u>\$ 48,867,499.58</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 in the amount of \$19,457,500.00. Exhibit C - 10

CITY OF CAPE MAY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> C		\$	107,865.38
Increased By:				
None		\$		-
				-
				107,865.38
Decreased By:				
None				-
				-
Balance December 31, 2012	C		\$	107,865.38

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 2,167,156.69	\$ 1,845,439.55
		<u>2,167,156.69</u>	<u>1,845,439.55</u>
Receivables With Full Reserves:			
Water & Sewer Rents Receivable	D-7	21,891.10	27,930.14
Utility Liens	D-8	1,375.69	-
		<u>23,266.79</u>	<u>27,930.14</u>
Deferred Charges:			
Overexpenditure of Appropriation		15,793.56	6,118.56
		<u>15,793.56</u>	<u>6,118.56</u>
Total Operating Fund		<u><u>2,206,217.04</u></u>	<u><u>1,879,488.25</u></u>
Capital Fund:			
Cash and Investments		2,829,119.57	1,675,143.41
Due from Utility Operating		97,782.30	97,782.30
Total Cash	D-5	<u>2,926,901.87</u>	<u>1,772,925.71</u>
Loans Receivable		52,126.47	52,126.47
Fixed Capital:			
Completed		18,975,433.85	18,975,433.85
Authorized and Uncompleted		19,488,155.99	18,375,155.99
Total Capital Fund		<u>41,442,618.18</u>	<u>39,175,642.02</u>
		<u><u>\$ 43,648,835.22</u></u>	<u><u>\$ 41,055,130.27</u></u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Operating Fund:</u>			
Appropriation Reserves	D-4	\$ 480,499.30	\$ 322,727.78
Encumbrances Payable		37,501.09	73,278.79
Sales Tax Payable		190.71	190.71
Accrued Interest on Bonds and Notes	D-11	142,854.48	145,159.41
Reserve for Sewer Treatment Plant		809.71	809.71
Due to Utility Capital		97,782.30	97,782.30
		<u>759,637.59</u>	<u>639,948.70</u>
Reserve for Receivables	D	23,266.79	27,930.14
Fund Balance	D-1	1,423,312.66	1,211,609.41
Total Operating Fund		<u>2,206,217.04</u>	<u>1,879,488.25</u>
<u>Capital Fund:</u>			
Serial Bonds Payable	D-13	3,853,587.63	4,661,301.79
Bond Anticipation Notes Payable	D-14	5,470,000.00	3,985,000.00
Loans Payable	D-13a	6,495,161.54	6,670,626.36
Reserve for Debt Service		505,007.60	445,767.10
Encumbrances Payable		1,421,826.88	764,373.08
Improvement Authorizations			
Funded	D-12	549,909.90	490,041.30
Unfunded	D-12	2,696,553.04	2,973,422.78
Reserve for Amortization		18,477,932.44	17,082,470.46
Deferred Reserve for Amortization		1,789,655.23	1,789,655.23
Capital Improvement Fund	D-10	30,000.00	160,000.00
Fund Balance	D-2	152,983.92	152,983.92
Total Capital Fund		<u>41,442,618.18</u>	<u>39,175,642.02</u>
		<u>\$ 43,648,835.22</u>	<u>\$ 41,055,130.27</u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	493,340.00	\$ 198,467.00
Water and Sewer Rents		6,296,282.80	6,004,636.65
Miscellaneous		71,845.49	85,430.23
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		287,290.93	349,713.90
		<u>7,148,759.22</u>	<u>6,638,247.78</u>
Total Income			
Expenditures:			
Operations:			
Salaries and Wages		886,920.00	844,050.00
Other Expenses		3,881,175.00	3,811,270.00
Capital Improvements		70,000.00	70,000.00
Debt Service		1,530,295.97	1,437,860.20
Deferred Charges and Statutory Expenditures		85,000.00	84,000.00
Total Expenditures		<u>6,453,390.97</u>	<u>6,247,180.20</u>
Excess in Revenue		695,368.25	391,067.58
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		9,675.00	-
		<u>705,043.25</u>	<u>391,067.58</u>
Fund Balance January 1	D	<u>1,211,609.41</u>	<u>1,019,008.83</u>
		1,916,652.66	1,410,076.41
Decreased By:			
Utilization as Anticipated Revenue		<u>493,340.00</u>	<u>198,467.00</u>
Balance December 31	D	<u>\$ 1,423,312.66</u>	<u>\$ 1,211,609.41</u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> D	\$	152,983.92
Increased By:			
None		\$	-
		<hr/>	<hr/>
			-
			<hr/>
			152,983.92
Decreased By:			
None			-
		<hr/>	<hr/>
			-
Balance December 31, 2012	D	\$	<u><u>152,983.92</u></u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 493,340.00	\$ 493,340.00	\$ -
Anticipated Revenue:			
Water and Sewer Rents	5,898,200.00	6,296,282.80	398,082.80
Miscellaneous	65,000.00	71,845.49	6,845.49
	<u>5,963,200.00</u>	<u>6,368,128.29</u>	<u>404,928.29</u>
Total Revenue	\$ <u>6,456,540.00</u>	\$ <u>6,861,468.29</u>	\$ <u>404,928.29</u>

Analysis of Realized Revenue:

Water and Sewer Rents		
Accounts Receivable	\$ 6,296,282.80	
Total Water & Sewer Rents	<u>6,296,282.80</u>	\$ <u>6,296,282.80</u>

Miscellaneous Revenue

Interest on Investments	3,010.51	
Penalties and Interest	5,301.22	
Sewer Connection Fees	9,062.00	
Meter Installations	25,327.00	
Reconnection Fees	8,550.76	
Special Reading Charge	6,150.00	
Shut Off Notice Fee	5,800.00	
Disconnection Fees	5,250.00	
Frie Sprinkler Fee	375.00	
Miscellaneous	3,019.00	
Total Miscellaneous	<u>71,845.49</u>	\$ <u>71,845.49</u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 886,920.00	\$ 886,920.00	\$ 832,087.34	\$ 54,832.66	\$
Other Expenses	3,881,175.00	3,881,175.00	3,458,985.68	422,189.32	
	<u>4,768,095.00</u>	<u>4,768,095.00</u>	<u>4,291,073.02</u>	<u>477,021.98</u>	<u>-</u>
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00	-	
Cape May City Roads	50,000.00	50,000.00	50,000.00	-	
	<u>70,000.00</u>	<u>70,000.00</u>	<u>70,000.00</u>	<u>-</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	983,180.00	983,180.00	983,178.98	-	1.02
Payment on Bond Anticipation Notes & Capita	15,000.00	15,000.00	15,000.00	-	-
Interest on Bonds	475,265.00	475,265.00	462,441.99	-	12,823.01
Interest on Notes	60,000.00	60,000.00	69,675.00	-	(9,675.00)
	<u>1,533,445.00</u>	<u>1,533,445.00</u>	<u>1,530,295.97</u>	<u>-</u>	<u>3,149.03</u>
Deferred Charges and Statutory Expenditures					
PERS	9,000.00	9,000.00	9,000.00	-	
Social Security System (O.A.S.I.)	68,000.00	68,000.00	64,522.68	3,477.32	
Unemployment Compensation Insurance	3,000.00	3,000.00	3,000.00	-	
Retirement Trust	5,000.00	5,000.00	5,000.00	-	
	<u>85,000.00</u>	<u>85,000.00</u>	<u>81,522.68</u>	<u>3,477.32</u>	<u>-</u>
	<u>\$ 6,456,540.00</u>	<u>\$ 6,456,540.00</u>	<u>\$ 5,972,891.67</u>	<u>\$ 480,499.30</u>	<u>\$ 3,149.03</u>
	<u>D</u>				<u>D</u>
Ref.					
			Cash Disbursed \$ 5,412,948.59		
			Interest on Bonds 462,441.99		
			Interest on Notes 60,000.00		
			Encumbered 37,501.09		
			<u>5,972,891.67</u>		

CITY OF CAPE MAY
BEACH UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	E-5	\$ 375,199.87	\$ 522,238.14
		<u>375,199.87</u>	<u>522,238.14</u>
Total Operating Fund		<u>375,199.87</u>	<u>522,238.14</u>
Capital Fund:			
Cash and Investments		427,587.78	375,688.43
Total Cash	E-5	<u>427,587.78</u>	<u>375,688.43</u>
Fixed Capital:			
Authorized and Uncompleted		3,547,800.00	3,247,800.00
Total Capital Fund		<u>3,975,387.78</u>	<u>3,623,488.43</u>
		<u>\$ 4,350,587.65</u>	<u>\$ 4,145,726.57</u>

CITY OF CAPE MAY
BEACH UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	E-4	\$ 29,082.96	\$ 128,452.32
Encumbrances Payable		24,942.31	52,404.64
Accrued Interest on Bonds and Notes	E-11	10,378.13	10,940.63
		<u>64,403.40</u>	<u>191,797.59</u>
Fund Balance	E-1	<u>310,796.47</u>	<u>330,440.55</u>
Total Operating Fund		<u>375,199.87</u>	<u>522,238.14</u>
Capital Fund:			
Bond Anticipation Notes Payable	E-14	1,845,000.00	1,945,000.00
Encumbrances Payable		16,716.90	10,091.90
Reserve for Amortization		1,030,000.00	930,000.00
Improvement Authorizations			
Funded	E-12	289,913.26	295,591.56
Unfunded	E-12	623,255.38	392,284.21
Capital Improvement Fund	E-10	114,000.00	14,000.00
Fund Balance	E-2	56,502.24	36,520.76
		<u>3,975,387.78</u>	<u>3,623,488.43</u>
Total Capital Fund		<u>3,975,387.78</u>	<u>3,623,488.43</u>
		<u>\$ 4,350,587.65</u>	<u>\$ 4,145,726.57</u>

CITY OF CAPE MAY
BEACH UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	300,000.00	\$ 332,658.00
Beach Fees		2,034,483.59	2,030,746.94
Other Credits to Income:			
Miscellaneous Revenue not Anticipated		829.49	11,366.14
Unexpended Balance of Appropriation			
Reserves		127,155.34	78,541.05
Reserve to Pay Bonds & Noted		-	654,143.00
Total Income		<u>2,462,468.42</u>	<u>3,107,455.13</u>
Expenditures:			
Operations:			
Salaries and Wages		1,298,830.00	1,292,148.00
Other Expenses		507,742.00	528,100.00
Capital Improvements		100,000.00	100,000.00
Debt Service		146,540.50	804,531.68
Deferred Charges and Statutory Expenditures		129,000.00	139,500.00
Total Expenditures		<u>2,182,112.50</u>	<u>2,864,279.68</u>
Excess in Revenue		280,355.92	243,175.45
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>280,355.92</u>	<u>243,175.45</u>
Fund Balance January 1	E	<u>330,440.55</u>	<u>419,923.10</u>
		610,796.47	663,098.55
Decreased By:			
Utilization as Anticipated Revenue		300,000.00	332,658.00
Balance December 31	E	<u>\$ 310,796.47</u>	<u>\$ 330,440.55</u>

CITY OF CAPE MAY
BEACH UTILITY FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> E		\$	36,520.76
Increased By:				
Bond Premium		\$		19,981.48
				19,981.48
				56,502.24
Decreased By:				
None				-
				-
Balance December 31, 2012	E		\$	56,502.24

CITY OF CAPE MAY
BEACH UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 300,000.00	\$ 300,000.00	\$ -
Anticipated Revenue:			
Beach Fees	1,920,000.00	2,034,483.59	114,483.59
Miscellaneous	2,500.00	829.49	(1,670.51)
Reserve to Pay Bonds & Noted			-
	<u>1,922,500.00</u>	<u>2,035,313.08</u>	<u>112,813.08</u>
Total Revenue	<u>\$ 2,222,500.00</u>	<u>\$ 2,335,313.08</u>	<u>\$ 112,813.08</u>

Analysis of Realized Revenue:

Beach Fees			
Collections	\$ 2,034,483.59		
Total Beach Fees		<u>\$ 2,034,483.59</u>	
Miscellaneous Revenue			
Interest on Investments:			
Operating Fund	769.49		
Miscellaneous	60.00		
Total Miscellaneous		<u>\$ 829.49</u>	

CITY OF CAPE MAY
BEACH UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 1,320,330.00	\$ 1,317,830.00	\$ 1,294,820.84	\$ 4,009.16	\$ 19,000.00
Other Expenses	512,742.00	512,742.00	484,205.06	23,536.94	5,000.00
	<u>1,833,072.00</u>	<u>1,830,572.00</u>	<u>1,779,025.90</u>	<u>27,546.10</u>	<u>24,000.00</u>
Capital Improvements:					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	-	
	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>
Debt Service:					
Interest on Notes	30,000.00	30,000.00	28,612.50		1,387.50
Bond Principal	17,928.00	17,928.00	17,928.00		-
Payment on BAN's & Capital Notes	100,000.00	100,000.00	100,000.00		-
	<u>147,928.00</u>	<u>147,928.00</u>	<u>146,540.50</u>	<u>-</u>	<u>1,387.50</u>
Deferred Charges and Statutory Expenditures					
Social Security System (O.A.S.I.)	101,000.00	101,000.00	84,463.14	1,536.86	15,000.00
Unemployment Compensation Insurance	13,000.00	15,500.00	15,500.00	-	
Lifeguard Pension	27,500.00	27,500.00	27,500.00	-	
	<u>141,500.00</u>	<u>144,000.00</u>	<u>127,463.14</u>	<u>1,536.86</u>	<u>15,000.00</u>
	<u>\$ 2,222,500.00</u>	<u>\$ 2,222,500.00</u>	<u>\$ 2,153,029.54</u>	<u>\$ 29,082.96</u>	<u>\$ 40,387.50</u>
	E				E
Ref.					
		Cash Disbursed	\$ 2,097,328.25		
		BAN Principal	100,000.00		
		Interest on Notes	28,612.50		
		Reimbursements	(97,853.52)		
		Encumbered	24,942.31		
			<u>\$ 2,153,029.54</u>		

CITY OF CAPE MAY
TOURISM UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
Operating Fund:			
Cash and Investments	F-5	\$ 92,396.44	\$ -
Change Fund		1,000.00	-
Due from Current Fund		11,926.45	
		<u>105,322.89</u>	<u>-</u>
Total Cash			
Deferred Charges:			
Overexpenditure of Appropriation		4,785.07	-
Operating Deficit		49,734.19	
		<u>54,519.26</u>	<u>-</u>
Total Operating Fund			
		<u>\$ 159,842.15</u>	<u>\$ -</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	F-4	\$ 110,956.16	\$ -
Encumbrances Payable		41,507.20	-
Sales Tax Payable		628.79	-
Due to Security Deposit		6,750.00	-
		<u>159,842.15</u>	<u>-</u>
Fund Balance	F-1	(0.00)	-
Total Operating Fund			
		<u>\$ 159,842.15</u>	<u>\$ -</u>

CITY OF CAPE MAY
TOURISM UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	-	\$
Tourism Fees		968,173.48	
Other Credits to Income:			
Miscellaneous Revenue not Anticipated		7,142.33	
Total Income		<u>975,315.81</u>	<u>-</u>
Expenditures:			
Operations:			
Salaries and Wages		329,785.07	
Other Expenses		700,050.00	
Total Expenditures		<u>1,029,835.07</u>	<u>-</u>
Deficit in Revenue		<u>(54,519.26)</u>	<u>-</u>
Operating Deficit to be Raised in Budget of Succeeding Year		49,734.19	-
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years		<u>4,785.07</u>	<u>-</u>
		(0.00)	-
Fund Balance January 1	F	<u>-</u>	<u>-</u>
		(0.00)	-
Decreased By:			
Utilization as Anticipated Revenue		-	-
Balance December 31	F	<u>\$ (0.00)</u>	<u>\$ -</u>

CITY OF CAPE MAY
TOURISM UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ -	\$ -	\$ -
Anticipated Revenue:			
Tourism Fees & Events	770,000.00	607,016.48	(162,983.52)
Hotel Room Tax	80,000.00	97,478.48	17,478.48
Lease and rent Contracts	65,000.00	103,741.00	38,741.00
Mercantile License Fee	65,000.00	64,750.00	(250.00)
Fund Transfers	95,050.00	95,187.52	137.52
Miscellaneous	-	7,142.33	7,142.33
	<u>1,075,050.00</u>	<u>975,315.81</u>	<u>(99,734.19)</u>
Total Revenue	\$ <u>1,075,050.00</u>	\$ <u>975,315.81</u>	\$ <u>(99,734.19)</u>

Analysis of Realized Revenue:

Tourism Fees		
Collections	\$ 607,016.48	
Total Tourism Fees	<u>607,016.48</u>	\$ <u>607,016.48</u>
Miscellaneous Revenue		
Miscellaneous	<u>7,142.33</u>	
Total Miscellaneous	<u>7,142.33</u>	\$ <u>7,142.33</u>

CITY OF CAPE MAY
TOURISM UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 325,000.00	\$ 325,000.00	\$ 329,785.07	\$ (0.00)	\$ (4,785.07)
Other Expenses	750,050.00	750,050.00	589,093.84	110,956.16	50,000.00
	1,075,050.00	1,075,050.00	918,878.91	110,956.16	45,214.93
	\$ 1,075,050.00	\$ 1,075,050.00	\$ 918,878.91	\$ 110,956.16	\$ 45,214.93
Ref.	F				F
			Cash Disbursed \$ 890,763.11		
			Reimbursements (7,102.43)		
			Due from Current (6,288.97)		
			Encumbered 41,507.20		
			\$ 918,878.91		

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>General Fixed Assets</u>			
Land, Buildings and Improvements	\$	13,347,025.06	\$ 13,347,025.06
Machinery and Equipment		9,390,408.98	9,796,926.29
		<u>\$ 22,737,434.04</u>	<u>\$ 23,143,951.35</u>
<u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets	\$	22,737,434.04	\$ 23,143,951.35
		<u>\$ 22,737,434.04</u>	<u>\$ 23,143,951.35</u>

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – regulatory basis have been prepared on the regulatory basis 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 City's accounting policies are described below.

Description of Financial Reporting Entity

The City of Cape May is a shore community located at the southern tip of the State of New Jersey in the County of Cape May. The population according to the 2010 census is 3,607.

The City of Cape May is governed by the Faulkner Act Council-Manager form of government, providing for the election of a five-member City Council. The Mayor is a member of the Council and directly elected by the voters. The Council is the policy maker for the municipality. The Manager, as chief executive and administrative officer of the municipality, is appointed by the Council. The City Manager is responsible for personnel, enforcement of ordinances and overall administration.

Component Units

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

Basis of Presentation, Fund Accounting

The financial statements – regulatory basis of the City of 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 City of Cape May accounts for its financial transactions through the following separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (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.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Beach Utility Operating and Capital Funds

The Beach Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned beach utility.

Tourism Utility Operating

The Tourism Utility Operating Fund was created January 1, 2012 by adopting City Ordinance 244-2011. The purpose of the fund is to account for and properly budget and pay for the management and operation of Convention Hall as well as for all the activities and events provided through the City's Department of Tourism, Civic Affairs and Recreation.

Budgets and Budgetary Accounting

The City of 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 City'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 City of 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.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

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.

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

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.

Accounting for Governmental Fixed Assets, as promulgated 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.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Utility Fixed Assets

Property and equipment purchased by utility funds are recorded in the utility capital funds 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 funds 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 funds.

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, Utility Operating Funds and Beach Utility 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 City's budget. Other amounts that are due the City 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.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 City'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 City'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 City is responsible for levying, collecting and remitting school taxes for the City of Cape May School District as well as for the City's share of the Lower Cape May Regional High 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 arises due to the differences in the municipal and school district fiscal year ends. As of December 31, 2012, the following is a breakdown of the school tax payable and year end tax deferral:

<u>Category</u>	<u>Local District</u>	<u>Regional District</u>
School Tax Payable	\$ 741,960.50	\$ 3,314,243.86
School Tax Deferred	<u>741,964.74</u>	<u>3,314,243.94</u>
	<u>\$ (4.24)</u>	<u>\$ (0.08)</u>

County Taxes

The City 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 City's annual budget protects the City 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.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Required Financial Statements

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City’s financial position. However, comparative data has not been presented in the Statement of Revenue-Regulatory Basis and the Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 “Items Previously Reported as Assets and Liabilities”. This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements Not Yet Effective (Continued)

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the City’s financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City’s financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the City’s financial reporting.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 22,562,618.95	\$ 19,163,378.46	\$ 15,107,825.47
Water and Sewer Utility:			
Bonds, Loans and Notes	15,818,749.17	15,316,928.15	12,974,589.52
Beach Utility:			
Bonds, Loans and Notes	1,845,000.00	1,945,000.00	2,501,000.00
Total Issued	<u>40,226,368.12</u>	<u>36,425,306.61</u>	<u>30,583,414.99</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	744,182.19	577,074.17	577,074.17
Water and Sewer Utility	505,007.60	445,767.10	104,061.10
Beach Utility	-	-	654,143.00
Net Debt Issued	<u>38,977,178.33</u>	<u>35,402,465.34</u>	<u>29,248,136.72</u>
<u>Authorized but not Issued</u>			
Bonds and Notes:			
General	19,457,500.00	24,591,250.00	28,366,250.00
Water and Sewer Utility	2,779,536.00	3,166,536.00	5,116,536.00
Beach Utility	672,800.00	372,800.00	172,800.00
Total Authorized but not Issued	<u>22,909,836.00</u>	<u>28,130,586.00</u>	<u>33,655,586.00</u>
Net Bonds and Notes Issued, and Authorized but not Issued	<u>\$ 61,887,014.33</u>	<u>\$ 63,533,051.34</u>	<u>\$ 62,903,722.72</u>

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 1.629%.

	<u>Gross Debt</u>		<u>Deductions</u>		<u>Net Debt</u>
Regional High School Debt	\$ 2,868,092.02	\$	2,868,092.02	\$	-
Water and Sewer Utility Debt	18,598,285.17		18,598,285.17		-
Beach Utility Debt	2,517,800.00		2,517,800.00		-
General Debt	47,014,134.31		744,182.19		46,269,952.12
	<u>\$ 70,998,311.50</u>	\$	<u>24,728,359.38</u>	\$	<u>46,269,952.12</u>

Net Debt of \$46,269,952.12 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$2,841,121,342.00 = 1.629%

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

3 1/2% of Equalized Valuation Basis	\$ 99,439,246.97
Net Debt	(46,269,952.12)
Remaining Borrowing Power	<u>\$ 53,169,294.85</u>

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

Description of Bonds and Loans Payable

At December 31, 2012, bonds payable in the General Capital Fund Consisted of the following individual issues:

\$4,500,000 General Bonds dated November 1, 2004, due in annual installments through November 1, 2014, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$975,000.00.

\$2,097,000 General Bonds dated January 23, 1981, due in annual installments through January 23, 2020, bearing interest at 5.00% per annum. The balance remaining as of December 31, 2012 is \$802,638.33.

\$3,250,000 General Bonds dated October 1, 2001, due in annual installments through October 1, 2013, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$320,000.00.

\$6,340,000 General Bonds dated October 1, 2008, due in annual installments through October 1, 2019, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$4,495,000.00.

\$1,851,041.48 Green Trust Loan dated February 28, 1997, due in annual installments through February 28, 2013, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2012 is \$127,071.23.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$324,621.37 Green Trust Loan dated November 9, 2005, due in annual installments through August 9, 2025, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2012 is \$230,071.89.

\$61,250 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$36,750.00.

\$63,932.75 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2012 is \$30,125.18.

\$115,970.26 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2012 is \$52,262.32.

\$110,250 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$63,700.00.

At December 31, 2012, bonds payable in the Water and Sewer Utility Fund Consisted of the following individual issues:

\$1,903,000 Water and Sewer Utility Bonds dated January 20, 1981, due in annual installments through January 20, 2020, bearing interest at 5.00% per annum. The balance remaining as of December 31, 2012 is \$728,427.63.

\$142,500 Water and Sewer Utility Bonds dated June 24, 1983, due in annual installments through June 24, 2022, bearing interest at 5.00% per annum. The balance remaining as of December 31, 2012 is \$65,160.00.

\$1,540,000 Water and Sewer Utility Bonds dated October 1, 2001, due in annual installments through October 1, 2013, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$180,000.00.

\$690,000 New Jersey Environmental Infrastructure Trust Bond, dated October 15, 1998, due in annual installments through October 15, 2018, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$280,000.00.

\$675,000 New Jersey Environmental Infrastructure Trust Loan dated October 15, 1998, due in annual installments through October 15, 2018, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2012 is \$207,452.63.

\$63,750 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$38,250.00.

\$66,542.25 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2012 is \$31,354.78.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$120,703.74 Environmental Infrastructure Trust Loan dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at 0.00% per annum. The balance remaining as of December 31, 2012 is \$54,395.49.

\$114,750 Environmental Infrastructure Trust Bond dated October 17, 2001, due in annual installments through October 17, 2021, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$66,300.00.

\$1,200,000 Environmental Infrastructure Trust Bond dated October 12, 2007, due in semi annual installments through October 12, 2047, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$1,135,775.07.

\$2,500,000 FmHA Loan dated December 15, 1998, due in annual installments through December 15, 2038, bearing interest at 4.50% per annum. The balance remaining as of December 31, 2012 is \$2,061,003.35.

\$1,970,000 Water and Sewer Utility Bonds dated November 1, 2004, due in annual installments through November 1, 2014, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$470,000.00.

\$3,630,000 Water and Sewer Utility Bonds dated November 1, 2008, due in annual installments through November 1, 2020, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$2,410,000.00.

\$1,250,000 Environmental Infrastructure Trust Bond dated October 27, 2011, due in annual installments through April 27, 2052, bearing interest at 3.75% per annum. The balance remaining as of December 31, 2012 is \$1,236,146.33.

\$1,400,000 Environmental Infrastructure Trust Bond dated October 27, 2011, due in annual installments through April 27, 2052, bearing interest at 3.75% per annum. The balance remaining as of December 31, 2012 is \$1,384,483.89.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

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

	<u>Outstanding 12/31/11</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/12</u>
General Capital Fund:				
Bonds Payable	\$ 8,052,828.89	\$	\$ 1,460,190.56	\$ 6,592,638.33
Loans Payable	695,549.57		155,568.95	539,980.62
Total General Capital Fund	<u>8,748,378.46</u>	<u>-</u>	<u>1,615,759.51</u>	<u>7,132,618.95</u>
Utility Capital Fund:				
Bonds Payable	4,661,301.79		807,714.16	3,853,587.63
Loans Payable	6,670,626.36		175,464.82	6,495,161.54
Total Utility Capital Fund	<u>11,331,928.15</u>	<u>-</u>	<u>983,178.98</u>	<u>10,348,749.17</u>
Beach Utility Capital Fund:				
None	<u>-</u>			<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 20,080,306.61</u>	<u>\$ -</u>	<u>\$ 2,598,938.49</u>	<u>\$ 17,481,368.12</u>

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding

Year Ending December 31,	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2013	\$ 1,514,200.08	\$ 302,351.92	\$ 831,597.62	\$ 178,439.44
2014	1,203,410.09	238,086.66	705,678.00	142,357.55
2015	737,830.59	184,930.64	469,964.40	110,566.49
2016	747,472.12	147,923.08	474,461.37	86,955.84
2017	752,345.73	110,427.63	489,183.94	63,114.70
2018-2022	1,637,379.72	110,284.35	882,702.30	70,131.57
	<u>\$ 6,592,638.33</u>	<u>\$ 1,094,004.28</u>	<u>\$ 3,853,587.63</u>	<u>\$ 651,565.59</u>

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Loans

Year Ending December 31,	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2013	\$ 158,118.27	\$ 11,430.75	\$ 177,630.41	\$ 256,175.88
2014	35,152.76	8,802.46	192,353.58	250,215.97
2015	35,154.53	7,991.32	194,630.16	243,782.09
2016	39,188.33	7,173.71	209,448.17	237,181.59
2017	39,124.36	6,227.03	211,839.79	230,054.84
2018-2022	174,748.66	16,786.90	761,921.07	1,050,345.73
2023-2027	58,493.71	2,064.29	727,231.28	905,198.72
2028-2032			895,885.13	736,544.87
2033-2037			1,103,946.36	528,483.64
2038-2042			770,594.78	317,017.29
2043-2047			779,633.39	174,705.03
2048-2053			470,047.42	40,293.14
	<u>\$ 539,980.62</u>	<u>\$ 60,476.46</u>	<u>\$ 6,495,161.54</u>	<u>\$ 4,969,998.79</u>

NOTE 3: COMPENSATED ABSENCES

The City 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. Employees are only eligible to receive 50% of the sick time they have accrued, and the maximum dollar amount of sick time that may be earned is \$12,000. 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, 2012, the City estimates this liability to approximate \$1,536,449.19 based on 2012 pay rates and compensated absence balances.

NOTE 4: DEFERRED COMPENSATION ACCOUNT

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998 the City of Cape May amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (City of Cape May) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is as follows:

ING Life Insurance and Annuity Company

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2012	Balance December 31, 2011
Prepaid Taxes - Cash Liability	\$ 496,648.16	\$ 414,995.94

NOTE 6: PENSION PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), or the Defined Contribution Retirement Program (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports 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.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation 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 special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

Retirement benefits for members are determined according to the applicable Tier level:

Tier 1 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement, a member must have at least 25 years of service credit; however, if a member is under the age of 55 at the time of retirement, the retirement allowance is reduced 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 2 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 60 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 60 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 3 Membership: The retirement age is 62 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 62 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 62 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

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. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% (increased to 6.5% effective 10/1/11) of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Funding Policy (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% (increased to 10% effective 10/1/11) of base salary.

For the Public Employees' Retirement System, the City's contributions, equal to the required contribution for each fiscal year, as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Funded by Excess Pension Asset Credit	Paid by City
2012	\$ 106,856.00	\$ 20,424.00	\$ 221,771.00	\$ 349,051.00	\$	\$ 349,051.00
2011	123,410.00	24,308.00	204,395.00	352,113.00		352,113.00
2010	119,999.00	38,023.00	161,636.00	319,658.00		319,658.00

For the Police and Firemen's Retirement System, the City's contributions, equal to the required contribution for each fiscal year, as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Funded by Excess Pension Asset Credit	Paid by City
2012	\$ 318,397.00	\$ 24,788.00	\$ 358,332.00	\$ 701,517.00	\$	\$ 701,517.00
2011	417,498.00	32,721.00	334,766.00	784,985.00		784,985.00
2010	351,321.00	30,586.00	250,292.00	632,199.00		632,199.00

NOTE 7: CASH AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the City's bank balance of \$17,747,490.11 as of December 31, 2012, \$0 was uninsured and uncollateralized.

Investments

Pursuant to the Enabling Act, the funds of the City 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 City may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2012, the City did not have any investments.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 8: 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					
	2012		2011		2010
	\$		\$		
Tax Rate	0.827		0.784	\$	0.740
Apportionment of Tax Rate:					
Municipal	0.294		0.283		0.277
County	0.242		0.227		0.214
Local School	0.054		0.054		0.053
Regional School	0.237		0.220		0.196

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 8: PROPERTY TAXES (Continued)

Assessed Valuation

	2012	\$		2,797,157,881.00	
	2011			2,791,886,281.00	
	2010			2,799,904,065.00	

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 23,133,162.00	\$ 22,802,192.10	98.57%
2011	21,901,353.96	21,491,499.05	98.13%
2010	20,735,739.26	20,320,697.53	98.00%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 80,232.68	\$ 311,974.83	\$ 392,207.51	1.70%
2011	57,990.00	380,249.28	438,239.28	2.00%
2010	35,769.23	335,518.48	371,287.71	1.79%

Property Acquired by Tax Title Lien Liquidation

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>
2012	\$ 83,316.00
2011	83,316.00
2010	83,316.00

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: ECONOMIC DEPENDENCY

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

NOTE 10: 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	2012	\$	3,580,739.48	\$	2,100,000.00	58.65%
	2011		3,256,619.51		2,050,000.00	62.95%
	2010		3,025,108.58		2,050,000.00	67.77%
	2009		3,000,500.33		2,050,000.00	68.32%
	2008		3,265,065.46		2,000,000.00	61.25%
Water & Sewer Utility	2012		1,423,312.66		494,018.56	34.71%
	2011		1,211,609.41		493,340.00	40.72%
	2010		1,019,008.83		198,467.00	19.48%
	2009		422,433.70		265,506.43	62.85%
	2008		412,305.50		360,803.91	87.51%
Beach Utility	2012		310,796.47		274,250.00	88.24%
	2011		330,440.55		300,000.00	90.79%
	2010		419,923.10		332,658.00	79.22%
	2009		461,411.66		315,139.00	68.30%
	2008		325,204.52		229,907.92	70.70%

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2012 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 57.11	\$ 140,936.51
Grant Fund	129,010.06	
Trust Funds		57.11
Utility Operating		97,782.30
Utility Capital	97,782.30	
Tourism Utility	11,926.45	
	\$ <u>238,775.92</u>	\$ <u>238,775.92</u>

The balances are primarily the result of disbursements made from the various funds which were not reimbursed prior to year end.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 12: BUDGETARY DATA

Annually, City Council 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 City Council 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 City Council approves the transfers by resolution. Budgetary transfers during the year were not significant.

NOTE 13: FEDERAL AND STATE GRANTS

In the normal course of operations, the City 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 14: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012:

	<u>December 31,</u> <u>2011</u>		<u>Additions</u>		<u>Disposals</u>		<u>Adjustments</u>		<u>December 31,</u> <u>2012</u>
Land, Building and Improvements	\$ 13,347,025.06	\$		\$		\$		\$	\$ 13,347,025.06
Machinery & Equipment	9,796,926.29		305,807.63		712,324.94				9,390,408.98
Total	<u>\$ 23,143,951.35</u>	\$	<u>305,807.63</u>	\$	<u>712,324.94</u>	\$	<u>-</u>	\$	<u>\$ 22,737,434.04</u>

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 15: JOINT INSURANCE POOL

The City of Cape May is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation
 General Liability, Law Enforcement Liability
 Employee Benefits Liability
 Public Official Liability
 Property, Real and Personal
 Automobile Liability
 Boiler and Machinery
 Crime, Fidelity

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

NOTE 16: RISK MANAGEMENT

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of the City's contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City's trust fund for the current year and the prior two years:

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 35,500.00	\$ 32,041.59	\$ 4,178.49
2011	31,000.00	32,290.07	720.08
2010	29,500.00	29,034.45	2,010.15

NOTE 17: LITIGATION

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

NOTE 18: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred December 31, 2012 through May 31, 2013, the date the financial statements were available to be issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 19: POST-RETIREMENT HEALTH BENEFITS

The City 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. During 2012, the City provided post-employment health care benefits of \$414,168.78 to thirty three (33) retired employee.

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

NOTE 20: LIFEGUARD PENSION PLAN

The Pension Plan is established to provide retirement, disability, and survivor pension benefits for individuals who are employed by the City of Cape May in the lifeguard force. It is promulgated pursuant to the requirements of N.J.S.A. 43:13-23, et seq. It shall be effective January 1, 1994 (“Effective Date”) and applied to members of the City of Cape May Beach Patrol employed as a lifeguard or lieutenant on or after the Effective Date.

There shall be deducted from every payment of salary to each Plan Member four (4%) percent of the amount thereof for all pay periods subsequent to January 1, 2000. The City shall raise by taxation and pay into the Fund, yearly, an amount equal to four (4%) percent of the total salaries paid to Plan Members. If at any time there is not sufficient money in the Fund for the purposes thereof, the governing body shall include in any tax levy the sum in addition to an amount therefore contributed which shall be sufficient to meet the requirements of the Fund. Whenever the Fund exceeds an amount which the governing body from time to time determines to be adequate for the Fund, no monies, except the four (4%) percent of salaries and the fines, donations and rewards specified in this Section, shall be paid into the Fund, unless and until the Fund falls below the amount so determined to be adequate.

The Commission shall manage and control the Fund and shall make all necessary rules and regulations not inconsistent with N.J.S.A. 43:13-23, et seq. All monies belonging to the Fund shall be paid over to the Chief Financial Officer of the City, who shall give bond in such amount, from time to time, as the governing body of the City determines. All monies not needed for the immediate payment of the pensions shall be invested by the Commission in interest bearing bonds of the City or in other interest bearing securities in which savings banks of the State of New Jersey may invest their funds. No monies shall be paid out of the fund by the Chief Financial Officer except upon the warrant of the Commission, to be signed by such member or members of the Commission as shall be designated by the Commission.

The balance in the Lifeguard Pension account at December 31, 2012 \$404,891.26 and \$365,603.04 at December 31, 2011.

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2011	\$ 5,077,707.69	\$ 2,700.45
Increased By Receipts:		
Taxes Receivable	\$ 22,718,915.49	\$
Prepaid Taxes	496,648.16	
Due from State - Seniors and Veterans	53,210.96	
Miscellaneous Revenue Anticipated	5,377,178.26	
Miscellaneous Revenue Not Anticipated	264,952.62	
Due from Current	-	1.93
Due from TTL Premium	12,300.00	
Due from Other Trusts	53,904.50	
Due from Tourism Commission	90,750.00	
Due from Grant Fund	140,697.45	
Due from General Capital	1,962,124.40	
Due to Tourism Operating	22,637.48	
Due to COAH	88,651.00	
Due from Street Opening Trust	13,300.00	
Due to P.O.A.A. Trust	3,306.00	
Elections	9,800.00	
Due from Performance Bond	98,769.60	
Payroll & Payroll Taxes Payable	9,412,395.59	
Reserve for Escow Trust	58,406.32	
TTL Exchange	20,907.18	
Due to the State of New Jersey:		
Marriage Licenses	5,500.00	
DCA Training Fees	10,288.00	
	40,914,643.01	1.93
	\$ 45,992,350.70	\$ 2,702.38

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2012 Appropriations	\$ 13,372,888.92	\$
2011 Appropriation Reserves	164,223.69	
Reserve for Encumbrances	248,225.33	
County Taxes	6,727,311.09	
County Added and Omitted Taxes	8,001.92	
Local District School Tax	1,483,921.00	
Regional District School Tax	6,375,830.88	
Tax Overpayments	9,769.47	
Due to Other Trusts	53,404.50	
Due to TTL Premium	12,300.00	
Due to Federal and State Grant Fund	82,730.52	
Due to General Capital	1,962,124.40	
Due to Street Opening	13,300.00	
Due to P.O.A.A. Trust	3,306.00	
Due to Performance Bond	98,769.60	
Due to Tourism Operating Elections	17,000.00	
	9,275.00	
Due to COAH	88,651.00	
Due to Tourism Commission	90,750.00	
TTL Exchange Account	41,288.75	
Reserve for Escrow Trust	84,301.81	
Payroll & Payroll Taxes Payable	9,471,629.45	
Due to the State of New Jersey:		
Marriage Licenses	5,500.00	
DCA Training Fees	10,090.00	
	40,434,593.33	-
Balance December 31, 2012	\$ 5,557,757.37	\$ 2,702.38

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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
Arrears	\$	\$	\$	\$	\$	\$	\$	\$
2011	380,249.28	-	-	-	371,805.35	8,443.93	-	(0.00)
	380,249.28	-	-	-	371,805.35	8,443.93	-	(0.00)
2012	-	23,133,162.00	4,785.83	414,995.94	22,387,196.16	1,538.22	22,242.68	311,974.83
	380,249.28	23,133,162.00	4,785.83	414,995.94	22,759,001.51	9,982.15	22,242.68	311,974.83
Ref.	A							A

\$ 22,718,915.49 Cash Receipts
52463.03 Senior Citizens and Veterans
(12,377.01) Overpayments Applied(Created)
\$ 22,759,001.51

Analysis of 2012 Property Tax Levy
Tax Yield:
General Property Tax
Added Taxes (54-4-63.1 et seq.)

\$ 23,133,162.00

Tax Levy:
Local District School Tax Levy
Regional District School Tax Levy

\$ 1,483,921.00
6,628,487.72

County Taxes
County Taxes Added and Omitted
Local Tax for Municipal Purposes
Add: Additional Tax Levied

\$ 8,112,408.72
6,727,311.09
9,622.18

\$ 8,283,820.01
\$ 23,133,162.00

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011	<u>Ref.</u> A		\$	57,990.00
Increased By:				
Transfers from Taxes Receivable				
November 28, 2012		\$		<u>22,242.68</u>
				<u>22,242.68</u>
				80,232.68
Decreased By:				
None				
		<u>-</u>		<u>-</u>
Balance December 31, 2012	A		\$	<u><u>80,232.68</u></u>

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 55,940.00	\$ 55,940.00	\$ -
Other	-	313,475.90	313,475.90	-
Fees and Permits	-	196,612.50	196,612.50	-
Fines and Costs:				
Municipal Court	5,296.41			3,336.57
Interest and Costs on Taxes	-	81,410.11	81,410.11	-
Parking Meters	-	1,080,769.18	1,080,769.18	-
Interest on Investments and Deposits	-	5,584.77	5,584.77	-
Hotel Room Tax	-	1,122,000.00	1,122,000.00	-
Lease and Rent Contracts	-	544,985.82	544,985.82	-
TV Cable Receipts	-	36,095.03	36,095.03	-
Victorian Towers - In Lieu of Taxes	-	145,841.88	145,841.88	-
Emergency Medical Services	-	353,188.09	353,188.09	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	337,632.00	337,632.00	-
Uniform Construction Code Fees	-	179,887.00	179,887.00	-
Interlocal Services Agreement -				
West Cape May - Police Protection	-	419,306.68	419,306.68	-
Cape May Point - Police Protection	-	253,393.00	253,393.00	-
Beach Utility Debt Service	-	17,928.00	17,928.00	-
Water & Sewer Utility Contribution to Street Repairs	-	50,000.00	50,000.00	-
Miscellaneous Revenue Not Anticipated	-	264,993.28	264,993.28	-
TOTALS	\$ 5,296.41	\$ 5,674,482.70	\$ 5,676,442.54	\$ 3,336.57
	A			A

Ref.

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
General Administration					
Salaries and Wages	\$ 15,072.69	\$ 15,072.69	-	\$ 15,072.69	\$
Other Expenses	39,753.02	39,753.02	22,636.40	17,116.62	
Mayor and Council					
Salaries and Wages	4,725.10	4,725.10	-	4,725.10	
Other Expenses	2,609.14	2,609.14	37.92	2,571.22	
City Clerk					
Salaries and Wages	440.43	440.43	-	440.43	
Other Expenses	11,659.31	11,659.31	2,250.78	9,408.53	
Financial Administration					
Salaries and Wages	33,327.32	33,327.32	-	33,327.32	
Other Expenses	4,949.32	4,949.32	1,555.52	3,393.80	
Audit Services					
Other Expenses	1,000.00	1,000.00	-	1,000.00	
Assessment of Taxes					
Salaries and Wages	2,951.74	2,951.74	-	2,951.74	
Other Expenses	4,998.45	4,998.45	3,716.26	1,282.19	
Collection of Taxes					
Other Expenses	2,527.65	2,527.65	117.55	2,410.10	
Legal Services					
Miscellaneous Other Expenses	44,656.19	44,656.19	18,659.61	25,996.58	
Engineering Services					
Other Expenses	11,438.19	11,438.19	6,829.74	4,608.45	
Emergency Medical Services - Collection					
Contractual Expenses	2,327.28	2,327.28	1,431.53	895.75	
General Liability	22,586.65	22,586.65	-	22,586.65	
Workers Compensation Insurance	21,512.74	21,512.74	-	21,512.74	
Employee Group Health	290,040.43	290,040.43	166,215.02	123,825.41	

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Planning Board					
Salaries and Wages	\$ 3,020.00	\$ 3,020.00	\$ -	\$ 3,020.00	\$
Other Expenses	2,430.50	2,430.50	866.19	1,564.31	
Zoning Board of Adjustment					
Salaries and Wages	3,200.00	3,200.00	-	3,200.00	
Other Expenses	1,845.15	1,845.15	-	1,845.15	
Fire					
Salaries and Wages	13,675.99	13,675.99	-	13,675.99	
Other Expenses	3,670.11	3,670.11	3,233.81	436.30	
Police					
Salaries and Wages	137,885.35	137,885.35	37,045.58	100,839.77	
Other Expenses	26,629.02	26,629.02	19,011.23	7,617.79	
Emergency Management Services					
Salaries and Wages	980.70	980.70	-	980.70	
Other Expenses	2,755.96	2,755.96	1,837.17	918.79	
Parking and Traffic Maintenance					
Salaries and Wages	9,976.35	9,976.35	-	9,976.35	
Other Expenses	7,931.83	7,931.83	3,403.48	4,528.35	
Public Safety					
Salaries and Wages	5,000.00	5,000.00	-	5,000.00	
Other Expenses	1,000.00	1,000.00	-	1,000.00	
Municipal Court					
Salaries and Wages	13,276.45	13,276.45	-	13,276.45	
Other Expenses	8,506.51	8,506.51	1,685.01	6,821.50	
Public Defender					
Other Expenses	800.00	800.00	-	800.00	
Road Repair and Maintenance					
Salaries and Wages	22,954.38	22,954.38	-	22,954.38	
Other Expenses	32,073.32	32,073.32	24,980.90	7,092.42	

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Sanitary Landfill - Contractual					
Other Expenses	\$ 2,942.62	\$ 2,942.62	\$ 714.41	\$ 2,228.21	\$
Recycling					
Salaries and Wages	136.26	136.26	-	136.26	
Other Expenses	6,607.95	6,607.95	5,735.72	872.23	
Public Buildings and Grounds					
Salaries and Wages	55,024.63	55,024.63	-	55,024.63	
Other Expenses	65,671.58	65,671.58	38,013.56	27,658.02	
Shade Tree Commission					
Salaries and Wages	810.00	810.00	-	810.00	
Other Expenses	7,056.66	7,056.66	7,054.66	2.00	
Property Maintenance Enforcement					
Other Expenses	1,600.00	1,600.00	-	1,600.00	
Board of Health					
Other Expenses	50.00	50.00	-	50.00	
Administration of Public Assistance					
Other Expenses	100.00	100.00	-	100.00	
Services of Visiting Nurse					
Other Expenses	50.00	50.00	-	50.00	
Environmental Commission					
Salaries and Wages	810.00	810.00	-	810.00	
Other Expenses	4,670.00	4,670.00	-	4,670.00	
Civic Affairs					
Salaries and Wages	15,975.66	15,975.66	-	15,975.66	
Other Expenses	10,735.55	10,735.55	640.80	10,094.75	
Historic Preservation Commission					
Salaries and Wages	1,077.58	1,077.58	-	1,077.58	
Other Expenses	12,520.56	12,520.56	28.36	12,492.20	
Grants Coordinator					
Other Expenses	15,244.50	15,244.50	5,000.00	10,244.50	
State Uniform Construction Code					
Construction Official					
Salaries and Wages	12,226.69	12,226.69	-	12,226.69	
Other Expenses	4,796.61	4,796.61	1,088.55	3,708.06	

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Celebration of Public Events, Anniversary or Holiday	\$ 472.77	\$ 472.77	-	472.77	\$
General Office Operations	8,642.57	8,642.57	7,913.84	728.73	
Street Lighting	14,841.88	14,841.88	10,581.92	4,259.96	
Gas Lighting	2,719.52	2,719.52	1,861.50	858.02	
Contingent	1,000.00	1,000.00	-	1,000.00	
Public Employees' Retirement System	9,000.00	9,000.00	-	9,000.00	
Social Security System (O.A.S.I.)	24,230.85	24,230.85	-	24,230.85	
Defined Contribution Retirement Program (DCRP)	2,000.00	2,000.00	690.00	1,310.00	
Employee Group Health	680.00	680.00	-	680.00	
Length of Service Award Program - Fire	22,000.00	22,000.00	17,612.00	4,388.00	
Interlocal Service Agreement					
Rental of Property-West Cape May	1.04	1.04	-	1.04	
Matching Funds for Grants	1,000.00	1,000.00	-	1,000.00	
TOTALS	<u>\$ 1,118,882.75</u>	<u>\$ 1,118,882.75</u>	<u>\$ 412,449.02</u>	<u>\$ 706,433.73</u>	<u>\$ -</u>
Ref.	A				
Appropriation Reserves	\$ 870,657.42	Cash Disbursed	\$ 412,449.02		
Encumbrances Payable	248,225.33				
	<u>\$ 1,118,882.75</u>	<u>\$</u>	<u>412,449.02</u>		

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2012</u>
State:				
Housing Inspections	\$ -	\$ 10,279.00	\$ 10,279.00	-
NJ Environmental Protection	2,346.90			2,346.90
Drunk Driving Enforcement	4,122.57		4,122.57	-
Body Armor Grant	-	2,426.45	2,426.45	-
Clean Communities	-	14,573.66	14,573.66	-
Alcohol Education and Rehabilitation	-	269.82	269.82	-
Recycling Tonnage	-	10,321.52		10,321.52
Federal:				
None	-			-
TOTALS	<u>\$ 6,469.47</u>	<u>\$ 37,870.45</u>	<u>\$ 31,671.50</u>	<u>\$ 12,668.42</u>
Ref.	A			A

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2011	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2012
State:					
Clean Communities	\$ 6,895.69	\$ 14,573.66	\$ 8,233.98		\$ 13,235.37
New Jersey Forest Service Grant (CSIP)	115.51				115.51
Supplemental Fire Services Program	1,948.20				1,948.20
Solid Waste Management Grant	40,775.36		32,114.54		8,660.82
NJDEP Certified Local Government Program	18,689.58				18,689.58
DOT Local Aid for Centers of Place Program	15,374.85				15,374.85
Green Communities Program	2,520.00				2,520.00
Special Legislative Grant - Convention Hall	14,412.00				14,412.00
Environmental Services Program	260.00				260.00
NJDOT - 2003 Shade Tree Sidewalk	4,559.50				4,559.50
DEP 2006 Historic Resource Survey #1	21,360.00				21,360.00
DEP 2012 Historic Resource Survey #2	-	24,999.00			24,999.00
NJ Environmental Protection	306.90				306.90
Tree Planting Grant	117.65				117.65
Body Armor Grant	7,606.70	2,426.45	7,290.00		2,743.15
Coastal Planning Grant	10.00				10.00
Housing Inspections	38,784.00	10,279.00	24,397.00		24,666.00
Drunk Driving Enforcement	2,664.53	4,122.57			6,787.10
Alcohol Education and Rehabilitation	1,286.06	269.82			1,555.88
Rutgers University - Municipal Incentive Program	1,733.00				1,733.00
Community Forestry Council	3,190.00				3,190.00
Smart Future Program	40,000.00				40,000.00
NJ Dept Law & P S - Underage Drinking	4,413.38		7,000.00		4,413.38
2009 Business Stimulus Fund	7,000.00				-
Enforcing Underage Drinking	8,044.19				8,044.19
NJ Highway Safety - Click It or Ticket	855.43				855.43
NJLPS COPS in Shops	3,024.84				3,024.84
NJ Trans Trust - 2008	5,030.00				5,030.00
Sustainable Jersey Small Cities	10,000.00				10,000.00

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2011	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2012
Federal:					
Small Cities - Public Facilities	\$ 184,862.38	\$	\$	\$	184,862.38
Small Cities - Housing Rehabilitation	24,089.08				24,089.08
Small Cities - Housing Rehabilitation - 1997	116.00				116.00
Small Cities - Public Facilities - 1997	4,700.00				4,700.00
Other:					
Geraldine R. Dodge Foundation	12,037.94		1,195.00		10,842.94
Estate of Edward Ross	-	80,000.00			80,000.00
TOTALS	<u>\$ 486,782.77</u>	<u>\$ 136,670.50</u>	<u>\$ 80,230.52</u>	<u>\$ -</u>	<u>\$ 543,222.75</u>
Ref.	A				A
		Cash Disbursed	\$ 82,730.52		
		Encumbered	(2,500.00)		
			<u>\$ 80,230.52</u>		

CITY OF CAPE MAY
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B		\$	2,383.00
Increased By Receipts:				
Dog License Fees		\$ 896.00		
Late Fees		54.00		
State License Fees		207.20		
Interest Earned		<u>2.31</u>		
				<u>1,159.51</u>
				3,542.51
Decreased By Disbursements:				
Paid to State of NJ		206.00		
Statutory Excess Paid to Current Fund		1,135.12		
Dog Fund Expenditures		<u>109.45</u>		
				<u>1,450.57</u>
Balance December 31, 2012	B		\$	<u><u>2,091.94</u></u>

CITY OF CAPE MAY
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2011	B		\$ 2,231,077.88
Increased By Receipts:			
Unemployment Contributions		\$ 35,492.98	
Retirement Contributions		30,102.56	
Lifeguard Pensions		53,779.17	
Tax Premiums		3,024.23	
Police Forfeiture Account		1.14	
POAA Receipts		3,319.33	
Parking Escrow		14.06	
Fishermen's Memorial Account		151.57	
Police Off-Duty Account		12,803.63	
Neighborhood Revitalization		100.77	
Security Deposits		641.54	
DARE Receipts		109.85	
SCBG Loan		66,036.13	
Public Assistance		2.52	
Performance Bond		103,403.73	
Street Opening		13,334.87	
COAH		88,764.64	
Tourism Development		<u>11.73</u>	
			<u>411,094.45</u>
			2,642,172.33
Decreased By Disbursements:			
Retirement Fund		70,473.17	
Recreation Program		72,609.53	
Unemployment		32,034.57	
Tax Premiums		71,000.00	
POAA Disbursements		1,279.06	
Lifeguard Pension		14,490.95	
DARE		109.50	
SCBG Loan		25,700.00	
Performance Bond		187,660.85	
Police Off-Duty Account		6,888.22	
Tourism Development		<u>22,577.99</u>	
			<u>504,823.84</u>
Balance December 31, 2012	B		<u>\$ 2,137,348.49</u>

CITY OF CAPE MAY
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2011	<u>Ref.</u> B		\$	2,383.00
Increased By:				
Dog Licenses Fees Collected		\$		896.00
Late Fees Collected				54.00
Interest Received				2.31
				952.31
				3,335.31
Decreased By:				
Animal Control Expenditures				109.45
Statutory Excess Paid to Current Fund				1,149.62
				1,259.07
Balance December 31, 2012	B		\$	2,076.24

License Fees Collected	<u>Year</u>			
	2010	1,092.96		
	2011	983.28		
			\$	2,076.24

CITY OF CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> C		\$ 5,046,764.52
Increased By Receipts:			
Due to Current Fund		\$ 241,225.00	
Grant Receivable		1,958,749.40	
Reserve for Open Space		222,000.00	
Capital Improvement Fund		35,000.00	
Bond Premium		167,108.02	
Bond Anticipation Notes		<u>15,430,000.00</u>	
			<u>18,054,082.42</u>
			23,100,846.94
Decreased By Disbursements:			
Improvement Authorizations		8,636,691.22	
Due from Current Fund		241,225.00	
Bond Anticipation Notes		<u>10,330,000.00</u>	
			<u>19,207,916.22</u>
Balance December 31, 2012	C		\$ <u><u>3,892,930.72</u></u>

CITY OF CAPE MAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 107,865.38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,865.38
Capital Improvement Fund	116,250.00			35,000.00			75,000.00		76,250.00
Reserve for Payment of Bonds	577,074.17			167,108.02					744,182.19
Reserve for Open Space	1,832,569.00			222,000.00					2,054,569.00
Reserves Other - Mall Improvements	11,575.60						15,000.00	15,000.00	11,575.60
Encumbrances Payable	5,909,720.41						5,909,720.41	2,469,361.39	2,469,361.39
NJEIT Loan Receivable	(35,670.53)								(35,670.53)
State Grant Receivable	(30,436.17)			499,999.40					(30,436.17)
Due to Current Fund	-			241,225.00		241,225.00			(110,436.77)
Improvement Authorizations									
Ord. Number									
1122	Various Capital Improvements	2,705.80							2,705.80
1153	Rehabilitation to Bus / Train Station	30,051.05							30,051.05
1261	Property Acquisition	2,890.28							2,890.28
1264	Property Acquisition	(3,783.12)					476.55		(7,163.67)
1324	Property Acquisition	153,547.58			2,904.00		14,700.00	48,024.10	165,947.40
28-2005	Various Capital Improvements	237,629.38			20,924.28		165,270.44		381.60
72-2006	Entrance Way Improvements	1,070.94			87,385.79				1,070.94
79-2006	Various Improvements	54,728.18			19,880.04		5,710.35	19,949.20	49,086.99
104-2007	Washington Street Mall	(12,024.97)	200,000.00		128,822.32		99,655.84	87,796.66	47,293.53
110-2007	Various Improvements	21,939.63			12,224.58		203.14		9,511.91
113-2007	Harborview Park	1,294.80							1,294.80
151-2008	Various Improvements	261,880.40			263,227.80		67,699.20		(69,046.60)
161-2008	Convention Hall	(4,314,685.76)			6,465,893.98		12,584.38	5,293,164.12	(41,250.00)
167-2008	Rotary Park	91,500.00		4,000,000.00			91,500.00		-
180-2009	Various Improvements	71,443.78			134,239.73		13,816.10		(39,493.05)
205-2010	Storm Water Collection	17,574.35						37,119.00	17,574.35
206-2010	Various Improvements	149,739.49			113,086.72		253,277.54	7,398.96	(209,225.81)
232-2011	Various Improvements	(191,123.09)		500,000.00	656,257.66		545,892.41	368,259.92	(525,013.24)
235-2011	ADA Improvements	(18,562.06)		400,000.00	490,264.99		7,842.11	17,600.00	(99,069.16)
252-2012	Various Improvements	-			241,579.33		1,175,733.33	655,000.00	(762,312.66)
Ref.		\$ 5,046,764.52	\$ 5,100,000.00	\$ 2,624,062.42	\$ 8,636,691.22	\$ 241,225.00	\$ 9,034,081.80	\$ 9,034,081.80	\$ 3,892,930.72
		C							C

CITY OF CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> C	\$ 116,250.00
Increased By:		
Budget Appropriation	\$ 35,000.00	
	<hr/>	<hr/>
		35,000.00
		151,250.00
Decreased By:		
Improvement Authorizations Funded	75,000.00	
	<hr/>	<hr/>
		75,000.00
Balance December 31, 2012	C	<u>\$ 76,250.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	<u>Ref.</u> C	\$ 8,748,378.46
Increased By:		
None	\$ -	
	<hr/>	<hr/>
		-
		8,748,378.46
Decreased By:		
Serial Bonds Paid	1,460,190.56	
Green Trust Loan Principal Paid	139,921.29	
NJEIT Bonds & Loans	15,647.66	
	<hr/>	<hr/>
		1,615,759.51
Balance December 31, 2012	C	<u>\$ 7,132,618.95</u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	CRDA Funding	Notes Paid by Budget Appropriation	Balance Dec. 31, 2012	Bond Anticipation Note	Analysis of Balance		Unexpended Improvement Authorization
								Expenditures		
1261	Property Acquisition	\$ 300,000.00	\$ -			\$ 300,000.00		\$ 7,163.67	\$ -	300,000.00
1264	Property Acquisition	15,970,000.00				15,970,000.00				15,962,836.33
1324	Property Acquisition	850,000.00			15,000.00	835,000.00	820,000.00			15,000.00
104-2007	Washington Street Mall	1,550,000.00			15,000.00	1,535,000.00	1,070,000.00			465,000.00
151-2008	Various Improvements	1,275,000.00			55,000.00	1,220,000.00	1,140,000.00			10,953.40
161-2008	Construction of New Convention Hall	10,500,000.00		1,458,750.00		9,041,250.00	9,000,000.00			-
180-2009	Various Improvements	950,000.00				950,000.00	850,000.00			60,506.95
205-2010	Storm Water Collection	261,250.00				261,250.00	200,000.00			61,250.00
206-2010	Various Improvements	1,425,000.00				1,425,000.00	1,150,000.00			65,774.19
232-2011	Various Improvements	1,425,000.00				1,425,000.00	800,000.00			99,986.76
235-2011	ADA Improvements	500,000.00				500,000.00	400,000.00			930.84
252-2012	Various Improvements	-	1,425,000.00			1,425,000.00				662,687.34
		\$ 35,006,250.00	\$ 1,425,000.00	\$ 1,458,750.00	\$ 85,000.00	\$ 34,887,500.00	\$ 15,430,000.00	\$ 1,752,574.19	\$ 17,704,925.81	
		C				C	C-9	C-3	C	

Ref.

**CITY OF CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount	Decreased	Increased					
Storm Drainage Bonds of 1981	1/23/1981	\$ 2,097,000	1/20/2013	\$ 84,200.08			\$ 882,828.89		\$ 80,190.56	\$ 802,638.33	
			1/20/2014	88,410.09							
			1/20/2015	92,830.59							
			1/20/2016	97,472.12							
			1/20/2017	102,345.73							
General Obligation Bonds of 2001	10/1/2001	3,250,000	10/1/2013	320,000.00			640,000.00		320,000.00	320,000.00	
			11/1/2013	500,000.00							
			11/1/2014	475,000.00							
General Obligation Bonds of 2004	11/1/2004	4,500,000	10/1/2013	610,000.00			1,475,000.00		500,000.00	975,000.00	
			10/1/2014	640,000.00							
General Obligation Bonds of 2008	10/1/2008	6,340,000	10/1/2013	610,000.00			5,055,000.00		560,000.00	4,495,000.00	
			10/1/2014	640,000.00							
			10/1/2015	645,000.00							
			10/1/2016	650,000.00							
			10/1/2017	650,000.00							
			10/1/2018	650,000.00							
			10/1/2019	650,000.00							
							\$ 8,052,828.89	\$ -	\$ 1,460,190.56	\$ 6,592,638.33	
							C			C	

Ref.

CITY OF CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012	
			Outstanding December 31, 2012	Amount						
Conservation Area Development	2/8/94	\$ 1,851,041.48	4/21/2013	\$ 63,219.52	2.000%	\$ 251,638.65		\$ 124,567.42	\$ 127,071.23	
			10/21/2013	63,851.71						
Harborview Park	11/3/2005	324,621.37			2.000%	245,425.76		15,353.87	230,071.89	
This loan is paid semi annually. The amount for principal and interest is \$10,093.00. The loan ends on August 9, 2025										
						\$ 497,064.41	C	\$ 139,921.29	C	\$ 357,143.12
						Ref.				C

CITY OF CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012				Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount	Interest Rate					
Various Capital Improvements NJ-EIT	10/17/2001	\$ 61,250	8/1/2013	\$ 2,450.00	5.500%	\$ 39,200.00		2,450.00	\$ 36,750.00	
			8/1/2014	2,450.00	5.000%					
			8/1/2015	2,450.00	5.000%					
			8/1/2016	4,900.00	5.000%					
			8/1/2017	4,900.00	5.000%					
			8/1/2018	4,900.00	5.000%					
			8/1/2019	4,900.00	5.000%					
			8/1/2020	4,900.00	4.750%					
			8/1/2021	4,900.00	4.750%					
	Various Capital Improvements NJ-EIT	10/17/2001	63,933	2/1/2013	586.90	None	32,961.22		2,836.04	30,125.18
			8/1/2013	2,162.48						
			2/1/2014	543.57						
			8/1/2014	2,119.16						
			2/1/2015	504.19						
			8/1/2015	2,079.77						
			2/1/2016	464.79						
			8/1/2016	3,615.96						
			2/1/2017	386.02						
			8/1/2017	3,537.18						
			2/1/2018	307.23						
		8/1/2018	3,458.40							
		2/1/2019	228.46							
		8/1/2019	3,379.62							
		2/1/2020	149.68							
		8/1/2020	3,300.84							
		2/1/2021	74.84							
		8/1/2021	3,226.09							

CITY OF CAPE MAY
GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding			Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	December 31, 2012	Amount				
Various Capital Improvements NJ-EIT	10/17/2001	\$ 115,970	2/1/2013	\$ 1,038.59	None	\$ 57,723.94	\$	5,461.62	\$ 52,262.32
			8/1/2013	4,246.59					
			2/1/2014	950.37					
			8/1/2014	5,762.37					
			2/1/2015	830.07					
			8/1/2015	5,642.07					
			2/1/2016	709.77					
			8/1/2016	5,521.77					
			2/1/2017	589.47					
			8/1/2017	5,401.47					
			2/1/2018	469.17					
			8/1/2018	5,281.17					
			2/1/2019	348.87					
			8/1/2019	5,160.87					
			2/1/2020	228.57					
			8/1/2020	5,040.57					
			2/1/2021	114.28					
		8/1/2021	4,926.28						
Various Capital Improvements NJ-EIT	10/17/2001	110,250	8/1/2013	4,900.00	5.500%	68,600.00		4,900.00	63,700.00
			8/1/2014	7,350.00	5.000%				
			8/1/2015	7,350.00	5.000%				
			8/1/2016	7,350.00	5.000%				
			8/1/2017	7,350.00	5.000%				
			8/1/2018	7,350.00	5.000%				
			8/1/2019	7,350.00	5.000%				
			8/1/2020	7,350.00	4.750%				
			8/1/2021	7,350.00	4.750%				
Ref.						\$ 198,485.16	\$ -	\$ 15,647.66	\$ 182,837.50
C									C

CITY OF 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, 2011	Change		Balance Dec. 31, 2012
							Increased	Decreased	
1324-2004	Convention Hall Improvements	10/9/2008	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	\$ 835,000.00	\$ 820,000.00	\$ 835,000.00	\$ - 820,000.00
104-2007	Washington Street Mall	10/9/2008	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	885,000.00	1,070,000.00	885,000.00	- 1,070,000.00
151-2008	Various Capital Improvements	10/9/2008	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	1,195,000.00	1,140,000.00	1,195,000.00	- 1,140,000.00
180-2009	Various Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	850,000.00	850,000.00	850,000.00	- 850,000.00
205-2010	Storm Water Collection	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	200,000.00	200,000.00	200,000.00	- 200,000.00
206-2010	Various Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	1,150,000.00	1,150,000.00	1,150,000.00	- 1,150,000.00
232-2011	Various Improvements	7/20/2011	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	300,000.00	800,000.00	300,000.00	- 800,000.00
235-2011	Various Improvements	7/19/2012	7/19/2012	7/19/2013	1.500%	-	400,000.00	-	400,000.00
161-2008	Convention Hall	7/20/2011	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	5,000,000.00	9,000,000.00	5,000,000.00	- 9,000,000.00
						\$ 10,415,000.00	\$ 15,430,000.00	\$ 10,415,000.00	\$ 15,430,000.00
						Ref. C			
						Cash Receipts	\$ 5,100,000.00	\$ 85,000.00	
						Budget Paydown	10,330,000.00	10,330,000.00	
						Notes Rolled Over	15,430,000.00	10,415,000.00	

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bonds, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2012
1261	Property Acquisition	\$ 300,000.00	\$	\$	\$	300,000.00
1264	Property Acquisition	15,985,000.00				15,985,000.00
104-2007	Washington Street Mall	665,000.00		200,000.00		465,000.00
151-2008	Various Improvements	80,000.00				80,000.00
161-2008	Construction of a New Convention Hall	5,500,000.00		4,000,000.00	1,458,750.00	41,250.00
180-2009	Various Improvements	100,000.00				100,000.00
205-2010	Storm Water Collection	61,250.00				61,250.00
206-2010	Various Improvements	275,000.00				275,000.00
232-2011	Various Improvements	1,125,000.00		500,000.00		625,000.00
235-2011	ADA Improvements	500,000.00		400,000.00		100,000.00
252-2012	Various Improvements	-	1,425,000.00			1,425,000.00
Ref.		\$ 24,591,250.00	\$ 1,425,000.00	\$ 5,100,000.00	\$ 1,458,750.00	\$ 19,457,500.00
		C				C

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2011	D	\$ 1,845,439.55	\$ 1,675,143.41
Increased by Receipts:			
Water and Sewer Rent Collected	\$	6,296,282.80	\$
Capital Improvement Fund			20,000.00
Reserve for Debt Service			59,240.50
Due to Utility Operating Fund		74,775.00	74,775.00
Due to Utility Capital Fund		3,629.27	
Due to Current Fund			
Bond Anticipation Note			5,470,000.00
Reserve for Amortization			397,283.00
Miscellaneous Revenue		71,845.49	
		6,446,532.56	6,021,298.50
		8,291,972.11	7,696,441.91
Decreased by Disbursements:			
Current Appropriations		5,412,948.59	
Appropriation Reserves		35,436.85	
Encumbrances		73,278.79	
Interest on Bonds and Notes		524,746.92	
Improvement Authorizations			822,547.34
Bond Anticipation Note			3,970,000.00
Due to Utility Operating Fund		74,775.00	74,775.00
Due to Utility Capital Fund		3,629.27	
Due to Current Fund			
		6,124,815.42	4,867,322.34
Balance December 31, 2012	D	\$ 2,167,156.69	\$ 2,829,119.57

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 152,983.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00	\$ -	\$ 152,983.92
Capital Improvement Fund	160,000.00			20,000.00					30,000.00
Due to Utility Operating	(97,782.30)			74,775.00					(97,782.30)
Reserve for Debt Service	445,767.10			59,240.50					505,007.60
Reserve for Amortization	290,000.00			397,283.00					687,283.00
NJEIT Loans Receivable	(37,126.47)								(37,126.47)
Encumbrances Payable	764,373.08						764,373.08	1,421,826.88	1,421,826.88
Improvement Authorizations									
Ord. Number									
1291 Various Utility Improvements	14,683.97				519.99		12,585.00	2,510.00	4,088.98
36-2005 Various Utility Improvements	(30,671.79)								(30,671.79)
61-2006 System Improvements	553.90				300.00		6,730.29	6,730.29	253.90
62-2006 System Improvements (USDA)	77,205.57				154,800.28		400.00	87,242.55	9,247.84
109-2007 System Improvements	11,163.24				11,156.07		7,000.00	7,000.00	7.17
149-2008 System Improvements	(45,251.43)				48,900.43			366.50	(93,785.36)
154-2008 System Improvements	14,178.52				122.61				14,055.91
155-2008 System Improvements	(417,190.00)		1,200,000.00		93,381.48		1,068,380.95	375,591.20	(3,361.23)
179-2009 System Improvements	212,495.83								212,495.83
207-2010 System Improvements	3,082.80								3,082.80
230-2011 System Improvements	156,677.47		100,000.00		513,221.10		25,863.14	284,932.54	2,525.77
250-2012 System Improvements	-		200,000.00		145.38		300,867.50	150,000.00	48,987.12
Ref.	\$ 1,675,143.41	\$ -	\$ 1,500,000.00	\$ 551,298.50	\$ 822,547.34	\$ 74,775.00	\$ 2,336,199.96	\$ 2,186,199.96	\$ 2,829,119.57
	D								D

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2011	<u>Ref.</u> D	\$	27,930.14
Increased By:			
Water and Sewer Rents Levied - Net		\$	6,290,648.76
			<u>6,290,648.76</u>
			6,318,578.90
Decreased By:			
Collections			6,296,282.80
Transferred to Utility Liens			405.00
			<u>6,296,687.80</u>
Balance December 31, 2012	D	\$	<u><u>21,891.10</u></u>

SCHEDULE OF UTILITY LIENS

Balance December 31, 2011	<u>Ref.</u> D	\$	-
Increased By:			
Transferred from Accounts Receivable - Current		\$	405.00
Transferred from Accounts Receivable - Prior			970.69
			<u>1,375.69</u>
			1,375.69
Decreased By:			
None			-
			<u>-</u>
Balance December 31, 2012	D	\$	<u><u>1,375.69</u></u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Salaries and Wages	\$ 41,726.18	\$ 41,726.18	\$	\$ 41,726.18	\$
Other Expenses	348,887.60	348,887.60	108,715.64	240,171.96	
Social Security System	5,392.79	5,392.79		5,392.79	
TOTALS	\$ 396,006.57	\$ 396,006.57	\$ 108,715.64	\$ 287,290.93	\$ -
Ref. D				D-1	
Appropriation Reserves	\$ 322,727.78		\$ 108,715.64		
Encumbrances Payable	73,278.79				
	\$ 396,006.57		\$ 108,715.64		

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> D		\$	160,000.00
Increased By:				
Budget Appopriation		\$		20,000.00
				20,000.00
				180,000.00
Decreased By:				
Improvement Authorization				150,000.00
				150,000.00
Balance December 31, 2012	D		\$	30,000.00

CITY OF CAPE MAY
WATER AND SEWER FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS
AND NOTES AND ANALYSIS OF BALANCE

Balance December 31, 2011	<u>Ref.</u> D		\$	145,159.41
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$ 462,441.99		
Interest on Notes		<u>60,000.00</u>		
				<u>522,441.99</u>
				667,601.40
Decreased By:				
Interest Paid on Bonds		474,646.92		
Interest Paid on Notes		<u>50,100.00</u>		
				<u>524,746.92</u>
Balance December 31, 2012	D		\$	<u><u>142,854.48</u></u>

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
\$ 470,000.00	Var.	11/1/2012	12/31/2012	61	\$ 2,645.83
728,427.63	5.00%	7/20/2012	12/31/2012	165	16,693.13
65,160.00	5.00%	12/24/2012	12/31/2012	8	60.83
2,410,000.00	3.00%	10/1/2012	12/31/2012	92	44,062.50
180,000.00	3.50%	10/1/2012	12/31/2012	92	1,856.25
2,061,003.35	4.50%	12/15/2012	12/31/2012	17	3,864.38
1,135,775.07	4.50%	12/15/2012	12/31/2012	17	13,408.46
1,236,146.33	3.75%	4/27/2012	12/31/2012	249	7,725.91
1,384,483.89	3.75%	4/27/2012	12/31/2012	249	8,653.02
280,000.00	Var.	10/15/2012	12/31/2012	78	5,250.00
38,250.00	5.00%	10/17/2012	12/31/2012	76	791.56
66,300.00	5.00%	10/17/2012	12/31/2012	76	1,375.94
5,470,000.00	Var.	BANS			36,466.67
<u>\$ 15,525,546.27</u>					<u>\$ 142,854.48</u>

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	December 31, 2012 Amount	Interest Rate					
System Improvements	1/20/1981	\$ 1,903,000	1/20/2013	\$ 76,407.62	5.000%	\$ 801,196.79		\$ 72,769.16	\$ 728,427.63	
			1/20/2014	80,228.00						
			1/20/2015	84,239.40						
			1/20/2016	88,451.37						
			1/20/2017	92,873.94						
			1/20/2018	97,517.64						
			1/20/2019	102,393.52						
			1/20/2020	106,316.14						
Improvement to Water Tower	6/24/1983	142,500	6/24/2013	\$ 5,190.00	5.000%	70,105.00		4,945.00	65,160.00	
			6/24/2014	5,450.00						
			6/24/2015	5,725.00						
			6/24/2016	6,010.00						
			6/24/2017	6,310.00						
			6/24/2018	6,625.00						
			6/24/2019	6,955.00						
			6/24/2020	7,305.00						
Utility Bonds of 2001	10/1/2001	1,540,000	10/1/2013	180,000.00	4.125%	360,000.00		180,000.00	180,000.00	
			6/24/2021	7,670.00						
			6/24/2022	7,920.00						

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
General Improvement Bonds	11/1/2004	\$ 1,970,000.00	11/1/2013	\$ 230,000.00	3.25%	\$ 690,000.00	\$	\$ 220,000.00	\$ 470,000.00
			11/1/2014	240,000.00	3.50%				
Various Capital Improvements	11/1/2008	3,630,000.00	10/1/2013	340,000.00	5.00%	2,740,000.00		330,000.00	2,410,000.00
			10/1/2014	380,000.00	5.00%				
			10/1/2015	380,000.00	5.00%				
			10/1/2016	380,000.00	5.00%				
			10/1/2017	390,000.00	5.00%				
			10/1/2018	240,000.00	5.00%				
10/1/2019	150,000.00	4.00%							
	10/1/2020	150,000.00	4.00%						
						\$ 4,661,301.79	\$	\$ 807,714.16	\$ 3,853,587.63
						D			D

Ref.

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans		Interest Rate	Balance						
			Date	December 31, 2012		Increased	Decreased	Dec. 31, 2011	Dec. 31, 2012			
Water Desalination USDA-FmHA	12/15/1998	\$ 2,500,000	2013	\$ 43,084.15	4.500%	\$	\$	2,102,212.24	\$	41,208.89	\$	2,061,003.35
	2014	45,044.75	2014	45,044.75								
	2015	47,094.56	2015	47,094.56								
	2016	49,237.66	2016	49,237.66								
	2017	51,478.29	2017	51,478.29								
	2018	53,820.87	2018	53,820.87								
	2019	56,270.06	2019	56,270.06								
	2020	58,830.70	2020	58,830.70								
	2021	61,507.86	2021	61,507.86								
	2022	64,306.86	2022	64,306.86								
	2023	67,233.22	2023	67,233.22								
	2024	70,292.75	2024	70,292.75								
	2025	73,491.50	2025	73,491.50								
	2026	76,835.83	2026	76,835.83								
	2027	80,332.35	2027	80,332.35								
	2028	83,987.98	2028	83,987.98								
	2029	87,809.94	2029	87,809.94								
	2030	91,805.84	2030	91,805.84								
2031	95,983.58	2031	95,983.58									
2032	100,351.44	2032	100,351.44									
2033	104,918.06	2033	104,918.06									
2034	109,692.48	2034	109,692.48									
2035	114,684.18	2035	114,684.18									
2036	119,903.02	2036	119,903.02									
2037	125,359.36	2037	125,359.36									
2038	127,646.06	2038	127,646.06									

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding		Interest Rate	Increased	Decreased	Balance Dec. 31, 2011	Balance Dec. 31, 2012
			Date	December 31, 2012					
Water Desalination									
NJ-EIT	10/15/1998	\$ 690,000	8/1/2013	\$ 40,000.00	Var.	\$	\$ 40,000.00	\$	280,000.00
			8/1/2014	45,000.00					
			8/1/2015	45,000.00					
			8/1/2016	50,000.00					
			8/1/2017	50,000.00					
			8/1/2018	50,000.00					
This Loan has a remaining balance that has yet to be drawn down in the amount of \$15,000.00									
Water Desalination									
NJ-EIT	10/15/1998	675,000	2013	\$ 33,505.79	None		34,652.38	242,105.01	207,452.63
			2014	35,544.16					
			2015	34,254.26					
			2016	36,149.31					
			2017	34,716.08					
			2018	33,283.03					
System Improvements									
NJ-EIT	10/17/2001	63,750	8/1/2013	\$ 2,550.00	5.500%			40,800.00	38,250.00
			8/1/2014	2,550.00	5.000%				
			8/1/2015	2,550.00	5.000%				
			8/1/2016	5,100.00	5.000%				
			8/1/2017	5,100.00	5.000%				
			8/1/2018	5,100.00	5.000%				
			8/1/2019	5,100.00	5.000%				
			8/1/2020	5,100.00	4.750%				
			8/1/2021	5,100.00	4.750%				

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding				Balance Dec. 31, 2012		
			Date	Amount	Interest Rate	Balance Dec. 31, 2011			
NJ-EIT	10/17/2001	\$ 66,542	2013	\$ 2,861.60	None	\$ 34,306.58	31,354.78		
	2014	2,771.41	2015	2,689.43					
	2016	4,247.31	2017	4,083.33					
	2018	3,919.33	2019	3,755.35					
	2020	3,591.36	2021	3,435.66					
								Increased	
								Decreased	\$ 2,951.80
									\$
System Improvements NJ-EIT	10/17/2001	114,750	8/1/2013	\$ 5,100.00	5.500%	71,400.00	66,300.00		
			8/1/2014	7,650.00	5.000%				
			8/1/2015	7,650.00	5.000%				
			8/1/2016	7,650.00	5.000%				
			8/1/2017	7,650.00	5.000%				
			8/1/2018	7,650.00	5.000%				
			8/1/2019	7,650.00	5.000%				
			8/1/2020	7,650.00	4.750%				
			8/1/2021	7,650.00	4.750%				
						Increased			
						Decreased	5,100.00		
System Improvements NJ-EIT	10/17/2001	120,704	2013	\$ 5,500.90	None	60,080.03	54,395.49		
	2014	6,986.73	2015	6,736.31					
	2016	6,485.89	2017	6,235.47					
	2018	5,985.05	2019	5,734.63					
	2020	5,484.21	2021	5,246.30					
								Increased	
								Decreased	5,684.54

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount	December 31, 2012	Outstanding					
System Improvements	10/12/2007	\$ 1,200,000	4/12/13	\$ 7,196.78	4.250%	\$	\$ 1,149,722.50	\$	\$ 13,947.43	\$ 1,135,775.07	
USDA			10/12/13	7,349.71	4.250%						
			4/12/14	7,505.89	4.250%						
			10/12/14	7,665.39	4.250%						
			4/12/15	7,828.28	4.250%						
			10/12/15	7,994.63	4.250%						
			4/12/16	8,164.52	4.250%						
			10/12/16	8,338.02	4.250%						
			4/12/17	8,515.20	4.250%						
			10/12/17	8,696.15	4.250%						
			4/12/18	8,880.94	4.250%						
			10/12/18	9,069.66	4.250%						
			4/12/19	9,262.39	4.250%						
			10/12/19	9,459.22	4.250%						
			4/12/20	9,660.22	4.250%						
			10/12/20	9,865.50	4.250%						
			4/12/21	10,075.15	4.250%						
			10/12/21	10,289.24	4.250%						
			4/12/22	10,507.89	4.250%						
			10/12/22	10,731.18	4.250%						
			4/12/23	10,959.22	4.250%						
			10/12/23	11,192.10	4.250%						
			4/12/24	11,429.93	4.250%						
			10/12/24	11,672.82	4.250%						
			4/12/25	11,920.87	4.250%						
			10/12/25	12,174.19	4.250%						
			4/12/26	12,432.89	4.250%						
			10/12/26	12,697.09	4.250%						
			4/12/27	12,966.90	4.250%						
			10/12/27	13,242.45	4.250%						

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Balance Dec. 31, 2012
			Date	Amount	Interest Rate	Balance Dec. 31, 2011	
System Improvements	10/12/2007	\$ 1,200,000	4/12/28	\$ 13,523.85	4.250%	\$	\$
USDA			10/12/28	13,811.23	4.250%		
			4/12/29	14,104.72	4.250%		
			10/12/29	14,404.44	4.250%		
			4/12/30	14,710.54	4.250%		
			10/12/30	15,023.14	4.250%		
			4/12/31	15,342.38	4.250%		
			10/12/31	15,668.41	4.250%		
			4/12/32	16,001.36	4.250%		
			10/12/32	16,341.39	4.250%		
			4/12/33	16,688.64	4.250%		
			10/12/33	17,043.28	4.250%		
			4/12/34	17,405.45	4.250%		
			10/12/34	17,775.31	4.250%		
			4/12/35	18,153.04	4.250%		
			10/12/35	18,538.79	4.250%		
			4/12/36	18,932.74	4.250%		
			10/12/36	19,335.06	4.250%		
			4/12/37	19,745.93	4.250%		
			10/12/37	20,165.53	4.250%		
			4/12/38	20,594.05	4.250%		
			10/12/38	21,031.67	4.250%		
			4/12/39	21,478.59	4.250%		
			10/12/39	21,935.01	4.250%		
			4/12/40	22,401.13	4.250%		
			10/12/40	22,877.16	4.250%		
			4/12/41	23,363.30	4.250%		
			10/12/41	23,859.77	4.250%		
			4/12/42	24,366.79	4.250%		
			10/12/42	24,884.58	4.250%		
			4/12/43	25,413.38	4.250%		
			10/12/43	25,953.41	4.250%		
			4/12/44	26,504.92	4.250%		
			10/12/44	27,068.15	4.250%		
			4/12/45	27,643.35	4.250%		
			10/12/45	28,230.77	4.250%		
			4/12/46	28,830.68	4.250%		
			10/12/46	29,443.33	4.250%		
			4/12/47	30,069.00	4.250%		
			10/12/47	30,766.38	4.250%		

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012					
System Improvements	10/27/2011	\$ 1,250,000	4/27/13	\$ 14,378.06	3.750%	\$ 1,250,000.00	\$	\$ 13,853.67	\$ 1,236,146.33
USDA			4/27/14	14,922.28	3.750%				
			4/27/15	15,487.12	3.750%				
			4/27/16	16,073.33	3.750%				
			4/27/17	16,681.73	3.750%				
			4/27/18	17,313.16	3.750%				
			4/27/19	17,968.49	3.750%				
			4/27/20	18,648.63	3.750%				
			4/27/21	19,354.50	3.750%				
			4/27/22	20,087.11	3.750%				
			4/27/23	20,847.43	3.750%				
			4/27/24	21,636.54	3.750%				
			4/27/25	22,455.52	3.750%				
			4/27/26	23,305.50	3.750%				
			4/27/27	24,187.64	3.750%				
			4/27/28	25,103.18	3.750%				
			4/27/29	26,063.38	3.750%				
			4/27/30	27,039.54	3.750%				
			4/27/31	28,063.03	3.750%				
			4/27/32	29,125.26	3.750%				
			4/27/33	30,227.69	3.750%				
			4/27/34	31,371.86	3.750%				
			4/27/35	32,559.33	3.750%				
			4/27/36	33,791.75	3.750%				
			4/27/37	35,070.82	3.750%				
			4/27/38	36,398.31	3.750%				
			4/27/39	37,776.04	3.750%				
			4/27/40	39,205.92	3.750%				
			4/27/41	40,689.93	3.750%				
			4/27/42	42,230.11	3.750%				
			4/27/43	43,828.58	3.750%				
			4/27/44	45,487.57	3.750%				
			4/27/45	47,209.34	3.750%				
			4/27/46	48,996.29	3.750%				
			4/27/47	50,850.88	3.750%				
			4/27/48	52,775.66	3.750%				
			4/27/49	54,773.30	3.750%				
			4/27/50	56,846.55	3.750%				
			4/27/51	58,998.29	3.750%				
			4/27/52	(1,673.32)	3.750%				

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF WATER AND SEWER LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012					
System Improvements	10/27/2011	\$ 1,400,000	4/27/13	\$ 16,103.42	3.750%	\$ 1,400,000.00	\$	\$ 15,516.11	\$ 1,384,483.89
USDA			4/27/14	16,712.97	3.750%				
			4/27/15	17,345.57	3.750%				
			4/27/16	18,002.13	3.750%				
			4/27/17	18,683.54	3.750%				
			4/27/18	19,390.74	3.750%				
			4/27/19	20,124.71	3.750%				
			4/27/20	20,886.46	3.750%				
			4/27/21	21,677.05	3.750%				
			4/27/22	22,497.56	3.750%				
			4/27/23	23,349.12	3.750%				
			4/27/24	24,232.93	3.750%				
			4/27/25	25,150.18	3.750%				
			4/27/26	26,102.15	3.750%				
			4/27/27	27,090.16	3.750%				
			4/27/28	28,115.56	3.750%				
			4/27/29	29,179.78	3.750%				
			4/27/30	30,284.28	3.750%				
			4/27/31	31,430.59	3.750%				
			4/27/32	32,620.29	3.750%				
			4/27/33	33,855.02	3.750%				
			4/27/34	35,136.48	3.750%				
			4/27/35	36,466.46	3.750%				
			4/27/36	37,846.76	3.750%				
			4/27/37	39,279.32	3.750%				
			4/27/38	40,766.11	3.750%				
			4/27/39	42,309.17	3.750%				
			4/27/40	43,910.64	3.750%				
			4/27/41	45,572.72	3.750%				
			4/27/42	47,297.72	3.750%				
			4/27/43	49,088.01	3.750%				
			4/27/44	50,946.07	3.750%				
			4/27/45	52,874.46	3.750%				
			4/27/46	54,875.84	3.750%				
			4/27/47	56,952.98	3.750%				
			4/27/48	59,108.74	3.750%				
			4/27/49	61,346.10	3.750%				
			4/27/50	63,668.14	3.750%				
			4/27/51	66,078.08	3.750%				
			4/27/52	(1,874.12)	3.750%				

\$	6,670,626.36	\$	-	\$	175,464.82	\$	6,495,161.54
	D						D

Ref.

CITY OF CAPE MAY
WATER AND SEWER UTILITY 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, 2011	Increased	Decreased	Balance Dec. 31, 2012
62-2006	Various Utility Improvements	10/12/2007	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	- 200,000.00
149-2008	Various Utility Improvements	7/23/2008	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	885,000.00	870,000.00	885,000.00	- 870,000.00
36-2005	Various Utility Improvements	7/21/2010	7/20/2011	7/20/2012	1.500%	200,000.00	200,000.00	200,000.00	- 200,000.00
154-2008	System Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	600,000.00	600,000.00	600,000.00	- 600,000.00
155-2008	System Improvements	7/19/2012	7/19/2012	7/19/2013	1.500%	-	1,200,000.00	-	1,200,000.00
179-2009	System Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	700,000.00	700,000.00	700,000.00	- 700,000.00
207-2010	System Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	900,000.00	900,000.00	900,000.00	- 900,000.00
230-2011	System Improvements	7/20/2011	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	500,000.00	600,000.00	500,000.00	- 600,000.00
250-2012	System Improvements	7/19/2012	7/19/2012	7/19/2013	1.500%	-	200,000.00	-	200,000.00
						Ref.			D
						\$ 3,985,000.00	\$ 5,470,000.00	\$ 3,985,000.00	\$ 5,470,000.00
						Cash Receipts			D
						\$ 1,500,000.00	\$ 15,000.00		
						Notes Paid (Budget Appropriation)	3,970,000.00	3,970,000.00	
						Notes Rolled Over	\$ 5,470,000.00	\$ 3,985,000.00	

CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bonds, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2012
36-2005	Various Utility Improvements	\$ 116,536.00	\$	\$	\$	116,536.00
149-2008	System Improvements	(200,000.00)		(200,000.00)		-
155-2008	System Improvements	2,100,000.00		1,400,000.00		700,000.00
179-2009	System Improvements	200,000.00				200,000.00
207-2010	System Improvements	100,000.00				100,000.00
230-2011	System Improvements	850,000.00		100,000.00		750,000.00
250-2012	System Improvements	-	1,113,000.00	200,000.00		913,000.00
		<u>\$ 3,166,536.00</u>	<u>\$ 1,113,000.00</u>	<u>\$ 1,500,000.00</u>	<u>\$ -</u>	<u>\$ 2,779,536.00</u>
	Ref.	<u>D</u>				<u>D</u>

**CITY OF CAPE MAY
BEACH UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Operating	Capital
Balance December 31, 2011	E	\$ 522,238.14	\$ 375,688.43
Increased by Receipts:			
Beach Rent Collected	\$	2,034,483.59	
Reimbursements		97,853.52	
Bond Premium			19,981.48
BANS			1,845,000.00
Due to Beach Operating			129,175.00
Capital Improvement Fund			100,000.00
Miscellaneous Revenue Not Anticipated		829.49	
		2,133,166.60	2,094,156.48
		2,655,404.74	2,469,844.91
Decreased by Disbursements:			
Current Appropriations		2,097,328.25	
Interest on Bonds and Notes		129,175.00	
Due to Beach Operating			129,175.00
Appropriation Reserves			1,845,000.00
BANS			68,082.13
Improvement Authorizations			
		2,280,204.87	2,042,257.13
Balance December 31, 2012	E	\$ 375,199.87	\$ 427,587.78

**CITY OF CAPE MAY
BEACH UTILITY FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 36,520.76	\$	\$	\$ 19,981.48	\$	\$	\$	\$	\$ 56,502.24
Capital Improvement Fund	14,000.00			100,000.00					114,000.00
Reserve for Amortization	174,000.00								174,000.00
Encumbrances Payable	10,091.90						10,091.90	16,716.90	16,716.90
Improvement Authorizations									
Ord. Number									
29-2005 Various Utility Improvements	(66,348.42)								(66,348.42)
63-2006 Various Utility Improvements	(32,111.88)								(32,111.88)
108-2007 Various Utility Improvements	(54,871.76)								(54,871.76)
150-2008 Various Utility Improvements	35,724.64						160.00	160.00	35,724.64
178-2009 Various Beach Utility Improvements	(1,183.73)						6,625.00		(7,808.73)
188-2009 ADA Phase II	675.00						9,931.90	9,931.90	675.00
208-2010 Various Utility Improvements	55,510.00				5,678.30				49,831.70
231-2011 Various Utility Improvements	131,217.50				62,403.83				131,217.50
236-2011 Beach Replenishment	72,464.42								10,060.59
	<u>\$ 375,688.43</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,981.48</u>	<u>\$ 68,082.13</u>	<u>\$ -</u>	<u>\$ 26,808.80</u>	<u>\$ 26,808.80</u>	<u>\$ 427,587.78</u>

Ref. E

CITY OF CAPE MAY
BEACH UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Salaries and Wages	\$ 87,956.70	\$ 87,956.70	\$	\$ 87,956.70	\$
Other Expenses	80,813.04	80,813.04	53,701.62	27,111.42	
Social Security System	12,087.22	12,087.22		12,087.22	
TOTALS	<u>\$ 180,856.96</u>	<u>\$ 180,856.96</u>	<u>\$ 53,701.62</u>	<u>\$ 127,155.34</u>	<u>\$ -</u>
Ref. E				E-1	
Appropriation Reserves	\$ 128,452.32		\$ 53,701.62		
Encumbrances Payable	<u>\$ 52,404.64</u>		<u>\$ 53,701.62</u>		
	<u>\$ 180,856.96</u>				

CITY OF CAPE MAY
BEACH UTILITY FUND
SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> E		\$	14,000.00
Increased By:				
Budget Appropriation		\$		100,000.00
				100,000.00
				114,000.00
Decreased By:				
None				-
				-
Balance December 31, 2012	E		\$	114,000.00

CITY OF CAPE MAY
BEACH FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS
AND NOTES AND ANALYSIS OF BALANCE

Balance December 31, 2011	<u>Ref.</u> E		\$	10,940.63
Increased By:				
Budget Appropriation:				
Interest on Notes		\$		128,612.50
				128,612.50
				139,553.13
Decreased By:				
Interest Paid on Notes				129,175.00
				129,175.00
Balance December 31, 2012	E		\$	10,378.13

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
\$ 525,000.00	1.50%	7/22/2012	12/31/2012	162	\$ 2,953.13
425,000.00	1.50%	7/22/2012	12/31/2012	162	2,390.63
90,000.00	1.50%	7/22/2012	12/31/2012	162	506.25
210,000.00	1.50%	7/22/2012	12/31/2012	162	1,181.25
120,000.00	1.50%	7/22/2012	12/31/2012	162	675.00
115,000.00	1.50%	7/22/2012	12/31/2012	162	646.88
160,000.00	1.50%	7/22/2012	12/31/2012	162	900.00
50,000.00	1.50%	7/22/2012	12/31/2012	162	281.25
150,000.00	1.50%	7/22/2012	12/31/2012	162	843.75
\$ 1,845,000.00					\$ 10,378.13

CITY OF CAPE MAY
BEACH UTILITY 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, 2011	Increased	Decreased	Balance Dec. 31, 2012
29-2005	Various Utility Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	\$ 550,000.00	\$ 525,000.00	\$ 550,000.00	\$ - 525,000.00
63-2006	Various Utility Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	450,000.00	425,000.00	450,000.00	- 425,000.00
108-2007	Various Utility Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	100,000.00	90,000.00	100,000.00	- 90,000.00
150-2008	Various Utility Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	237,000.00	210,000.00	237,000.00	- 210,000.00
178-2009	Various Beach Utility Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	120,000.00	120,000.00	120,000.00	- 120,000.00
188-2009	ADA Phase II	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	128,000.00	115,000.00	128,000.00	- 115,000.00
208-2010	Various Utility Improvements	7/21/2010	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	160,000.00	160,000.00	160,000.00	- 160,000.00
215-2010	Beach Replenishment	7/20/2011	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	50,000.00	50,000.00	50,000.00	- 50,000.00
231-2011	Various Utility Improvements	7/20/2011	7/20/2011 7/19/2012	7/20/2012 7/19/2013	1.500% 1.500%	150,000.00	150,000.00	150,000.00	- 150,000.00
						\$ 1,945,000.00	\$ 1,845,000.00	\$ 1,945,000.00	\$ 1,845,000.00
						E			
						Ref.			
						Notes Paid (Budget Appropriation)	\$ 100,000.00		
						Notes Rolled Over	\$ 1,845,000.00	\$ 1,845,000.00	
							\$ 1,845,000.00	\$ 1,945,000.00	
							E		

CITY OF CAPE MAY
BEACH UTILITY FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bonds, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2012
29-2005	Various Beach Utility Improvements	\$ 12,800.00	\$	\$		12,800.00
178-2009	Various Beach Utility Improvements	55,000.00				55,000.00
208-2010	Various Utility Improvements	55,000.00				55,000.00
231-2011	Various Utility Improvements	50,000.00				50,000.00
236-2011	Beach Replenishment	200,000.00				200,000.00
251-2012	Various Utility Improvements	-	300,000.00			300,000.00
		<u>\$ 372,800.00</u>	<u>\$ 300,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,800.00</u>
		E				E

Ref.

CITY OF CAPE MAY
TOURISM UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2011	F	\$ -
Increased by Receipts:		
Tourism Fees	\$	967,695.00
Reimbursements		7,102.43
Sales Tax		628.79
Due to Security Deposit		8,550.00
Miscellaneous Revenue Not Anticipated		7,142.33
		<u>991,118.55</u>
		991,118.55
Decreased by Disbursements:		
Current Appropriations		890,763.11
Change Fund		1,000.00
Due to Current Fund		5,159.00
Due to Security Deposit		1,800.00
		<u>898,722.11</u>
Balance December 31, 2012	F	\$ <u><u>92,396.44</u></u>



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Cape May
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group, of the City of Cape May, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 31, 2013 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Responses as Finding #2012-1 and #2012-2.

Purpose of this Report

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

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

Leon P. Costello

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

May 31, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Cape May
County of Cape May, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited City of Cape May's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of City's major federal and state programs for the year ended December 31, 2012. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Cape May's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Cape May complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Cape May is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Cape May, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated May 31, 2013, which contained an adverse opinion on those financial statements in accordance with U.S. Generally Accepted Accounting Principles and an unmodified opinion on the regulatory basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements 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

May 31, 2013

CITY OF CAPE MAY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor /</u> <u>Pass-through Grantor Program</u>	<u>CFDA</u> <u>Number</u>	<u>Pass-Through</u> <u>Entity ID#</u>	<u>Grant Period</u> <u>From</u> <u>To</u>	<u>Program</u> <u>or Award</u> <u>Amount</u>	<u>Unexpended</u> <u>Balance</u> <u>12/31/11</u>	<u>Receipts or</u> <u>Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Adjustments</u>	<u>Unexpended</u> <u>Balance</u> <u>12/31/12</u>	<u>Accumulated</u> <u>Expenditures</u>
Department of Housing and Development										
Pass Through New Jersey Department of Community Affairs:										
Small Cities Program - CDBG 2011	14.228	2011-02292-0355	2/1/11 to 1/31/13	500,000.00	\$ -	\$ 499,999.40	\$ 499,999.89	\$ 0.49	\$ 0.00	\$ 499,999.89
Small Cities Program - CDBG 2012	14.228	2012-02292-0392	2/1/12 to 1/31/14	400,000.00	-	-	400,000.00	-	-	400,000.00
					<u>-</u>	<u>499,999.40</u>	<u>899,999.89</u>	<u>0.49</u>	<u>0.00</u>	<u>899,999.89</u>
Total Department of Housing and Development					<u>\$ -</u>	<u>\$ 499,999.40</u>	<u>\$ 899,999.89</u>	<u>\$ 0.49</u>	<u>\$ 0.00</u>	<u>\$ 899,999.89</u>
Total Federal Assistance										

**CITY OF CAPE MAY
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012**

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period		Grant Award	Unexpended Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance 12/31/12	Accumulated Expenditures
		From	To							
Department of Law and Public Safety	1020-718-066-1020	1/1/2012	12/31/2012	\$ 2,426.45	\$ -	\$ 2,426.45	\$ -	\$ -	\$ 2,426.45	\$ -
Body Armor Grant	1020-718-066-1020	1/1/2011	12/31/2011	5,541.92	5,541.92	-	5,225.22	-	316.70	5,225.22
Body Armor Grant	1020-718-066-1020	1/1/2010	12/31/2010	1,061.61	1,061.61	-	1,061.61	-	-	1,061.61
Body Armor Grant	1020-718-066-1020	1/1/2009	12/31/2009	2,238.45	1,003.17	-	1,003.17	-	-	2,238.45
Total Department of Law and Public Safety				7,606.70	2,426.45	-	7,290.00	-	2,743.15	
Department of Housing Inspection	8010-140-015010-64	1/1/2012	12/31/2012	10,279.00	-	10,279.00	-	-	10,279.00	-
State Inspections Bldg Reimbursement	8010-140-015010-64	1/1/2011	12/31/2011	24,397.00	24,397.00	-	10,010.00	-	14,387.00	10,010.00
State Inspections Bldg Reimbursement	8010-140-015010-64	1/1/2010	12/31/2010	1,170.00	1,170.00	-	1,170.00	-	-	1,170.00
State Inspections Bldg Reimbursement	8010-140-015010-64	1/1/2009	12/31/2009	5,726.00	5,726.00	-	5,726.00	-	-	5,726.00
State Inspections Bldg Reimbursement	8010-140-015010-64	1/1/2008	12/31/2008	15,376.00	7,491.00	-	7,491.00	-	-	15,376.00
Total Department of Housing Inspection				38,784.00	10,279.00	-	24,397.00	-	24,666.00	
Department of Environmental Protection	4900-765-042-4900	1/1/2012	12/31/2012	14,573.66	-	14,573.66	1,338.29	-	13,235.37	1,338.29
Clean Community Program	4900-765-042-4900	1/1/2011	12/31/2011	14,815.09	6,895.69	-	6,895.69	-	-	14,815.09
Clean Community Program	N/A	1/1/2011	12/31/2011	23,227.94	23,227.94	-	14,567.12	-	8,660.82	14,567.12
Solid Waste Management Grant	N/A	1/1/2009	12/31/2009	14,441.62	14,441.62	-	14,441.62	-	-	14,441.62
Solid Waste Management Grant	N/A	1/1/2008	12/31/2008	8,969.76	3,105.80	-	3,105.80	-	-	8,969.76
Total Department of Environmental Protection				47,671.05	14,573.66	-	40,348.52	-	21,896.19	
FY 2009 Business Stimulus Funds	N/A	1/1/2009	End	7,000.00	7,000.00	-	7,000.00	-	-	7,000.00
Geraldine R. Dodge Foundation	N/A	Open	Open	12,037.94	12,037.94	-	1,195.00	-	10,842.94	1,195.00
Total State Assistance				\$ 113,099.69	\$ 27,279.11	\$ -	\$ 80,230.52	\$ -	\$ 60,148.28	
Total Federal and State Assistance				\$ 113,099.69	\$ 527,278.51	\$ 0.49	\$ 980,230.41	\$ -	\$ 60,148.28	

CITY OF CAPE MAY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

Note 1: General

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the City of Cape May. The City is defined in Note 1 to the City's financial statements – statutory basis.

Note 2: Basis of Accounting

The accompanying schedule of expenditures of state financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statements – regulatory basis. The financial statements – regulatory basis present the Grant Fund and Capital Funds on a budgetary basis. The Grant Fund and the Capital Funds are presented in the accompanying schedule on the grant accounting basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>		<u>State</u>		<u>Other</u>		<u>Total</u>
Grant Fund	\$ -	\$	80,230.52	\$	-	\$	80,230.52
General Capital Fund	899,999.89				-		899,999.89
Total Financial Assistance	<u>\$ 899,999.89</u>	\$	<u>80,230.52</u>	\$	<u>-</u>	\$	<u>980,230.41</u>

Note 4: Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports excluding the recognition of encumbrances as expenditures.

CITY OF CAPE MAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued: Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unqualified Opinion issued on the Financial Statements – Regulatory Basis of Accounting” dated May 31, 2013

Internal control over financial reporting:

- 1) Material weakness? No
- 2) Significant Deficiencies? No

Noncompliance material to the basic financial Statements noted? No

Federal Awards

Dollar threshold used to distinguish between type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? No

Type of auditor's report issued on compliance with major programs: An Unqualified Opinion was issued on compliance with major programs dated May 31, 2013

Internal Control over major programs:

- 1) Material weakness? No
- 2) Significant Deficiencies? No

Any audit findings disclosed that are required to be reported? No

Identification of major programs:

State Awards – N/A

Federal Awards

<u>CFDA Number</u>	<u>Federal Program</u>
14.228	Small Cities CDBG 2011

CITY OF CAPE MAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements statutory basis that are required to be reported under this section.

III. FEDERAL FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Federal: None

MANAGEMENT RESPONSES

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

STATUS OF PRIOR YEAR FINDINGS

Federal: None