

**CITY OF CAPE MAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2011**

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CITY OF CAPE MAY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED
DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

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

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

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

As described in Note 1, the City prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2012 on our consideration of the City's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. The schedule of state financial assistance is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the financial statements of the City. The supplemental schedules and the schedule of state financial assistance as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to 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 procedures generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 427

October 22, 2012

EXHIBIT - A
CURRENT FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 5,077,707.69	\$ 4,440,037.06
Change and Petty Cash Funds		<u>1,200.00</u>	<u>1,200.00</u>
		<u>5,078,907.69</u>	<u>4,441,237.06</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	380,249.28	335,518.48
Tax Title Liens Receivable	A-8	57,990.00	35,769.23
Due from TTL Premium		18.38	-
Property Acquired for Taxes at Assessed Valuation		83,316.00	83,316.00
Revenue Accounts Receivable	A-9	5,296.41	7,728.06
		<u>526,870.07</u>	<u>462,331.77</u>
Deferred Charges:			
Special Emergencies (40A:4-53)		190,000.00	285,000.00
Emergency		-	17,382.13
Overexpenditure of Appropriation Reserves		<u>1,443.50</u>	<u>1,443.50</u>
		<u>191,443.50</u>	<u>303,825.63</u>
		<u>5,797,221.26</u>	<u>5,207,394.46</u>
Federal and State Grant Fund:			
Cash	A-4	2,700.45	2,695.40
Due from Current Fund		71,045.06	66,170.51
Revolving Loan Receivable		600,000.00	600,000.00
Grant Receivables	A-11	422,006.73	404,179.73
		<u>1,095,752.24</u>	<u>1,073,045.64</u>
		<u>\$ 6,892,973.50</u>	<u>\$ 6,280,440.10</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 870,657.42	\$ 730,276.90
Reserve for Encumbrances	A-3	248,225.33	283,194.27
Due to State of New Jersey:			
Marriage Licenses		625.00	375.00
DCA Training Fees		3,918.00	2,638.00
Chapter 20 P.L. 1971		3,560.46	1,593.24
Prepaid Taxes		414,995.94	330,663.32
Tax Overpayments		11,941.92	7,339.08
Payroll Taxes Payable		83,323.74	14,921.28
County Added Tax Payable		8,001.92	4,756.95
Local School Tax Payable (Overpaid)		(4.24)	(4.24)
Regional School Tax (Overpaid)		(797.81)	(0.07)
Tax Title Lien Exchange		21,864.15	732.58
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		163,628.00	164,550.50
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:			
Federal and State Grant Fund		71,045.06	66,170.51
		<u>2,013,731.68</u>	<u>1,719,954.11</u>
Reserve for Receivables and Other Assets		526,870.07	462,331.77
Fund Balance	A-1	<u>3,256,619.51</u>	<u>3,025,108.58</u>
		<u>5,797,221.26</u>	<u>5,207,394.46</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	6,469.47	39,921.93
Appropriated Reserves	A-13	486,782.77	433,123.71
Encumbrances Payable		2,500.00	-
Reserve for Revolving Loans Receivable		600,000.00	600,000.00
		<u>1,095,752.24</u>	<u>1,073,045.64</u>
		<u>\$ 6,892,973.50</u>	<u>\$ 6,280,440.10</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,050,000.00	\$ 2,050,000.00
Miscellaneous Revenue Anticipated		5,538,251.39	5,360,757.58
Receipts from Delinquent Taxes		331,343.31	311,163.05
Receipts from Current Taxes		21,491,499.05	20,320,697.53
Non-Budget Revenue		226,660.74	208,473.77
Other Credits to Income:			
Interfunds Returned		-	16,160.22
Prior Year Encumbrance Canceled		-	-
Unexpended Balance of Appropriation Reserves		631,495.02	667,698.55
Total Income		<u>30,269,249.51</u>	<u>28,934,950.70</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		5,533,546.00	5,651,318.00
Other Expenses		4,051,210.00	3,935,722.13
Deferred Charges & Statutory Expenditures		1,474,098.00	1,229,450.40
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		653,104.00	634,082.00
Other Expenses		214,688.91	260,982.08
Capital Improvements		222,000.00	462,000.00
Municipal Debt Service		2,143,602.12	1,997,883.16
Deferred Charges & Judgments		112,382.13	145,000.00
County Taxes		6,287,592.96	5,926,327.47
County Added and Omitted Taxes		8,001.92	4,756.95
Local District School Tax		1,483,921.00	1,483,921.00
Regional High School District School Tax		5,803,073.16	5,145,760.16
Refund of Prior Year Revenue		500.00	521.23
Interfund Created		18.38	-
Overexpenditure of Appropriation Reserves		-	1,443.50
Total Expenditures		<u>27,987,738.58</u>	<u>26,879,168.08</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess In Revenue		\$ <u>2,281,510.93</u>	\$ <u>2,055,782.62</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		<u>-</u>	<u>18,825.63</u>
		<u>-</u>	<u>18,825.63</u>
Statutory Excess to Fund Balance		2,281,510.93	2,074,608.25
Fund Balance January 1	A	<u>3,025,108.58</u>	<u>3,000,500.33</u>
		5,306,619.51	5,075,108.58
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>3,256,619.51</u></u>	<u>\$ <u>3,025,108.58</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		56,128.00	1,128.00
Other		290,000.00		312,001.80	22,001.80
Fees and Permits		150,000.00		185,647.30	35,647.30
Fines and Costs:					
Municipal Court		230,000.00		245,671.05	15,671.05
Interest and Costs on Taxes		60,000.00		76,525.44	16,525.44
Parking Meters		950,000.00		1,057,977.46	107,977.46
Interest on Investments and Deposits		35,000.00		16,988.91	(18,011.09)
Hotel Room Tax		1,000,000.00		1,121,644.90	121,644.90
Lease and Rent Contracts		425,000.00		524,124.29	99,124.29
TV Cable Receipts		37,000.00		34,856.57	(2,143.43)
Victorian Towers - In Lieu of Taxes		160,000.00		136,160.37	(23,839.63)
Emergency Medical Services		285,000.00		323,141.39	38,141.39
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		337,632.00		337,632.00	-
Uniform Construction Code Fees		190,000.00		250,860.00	60,860.00
Interlocal Services Agreement -					
West Cape May - Police Protection		407,092.00		407,092.00	-
Cape May Point - Police Protection		246,012.00		246,012.00	-

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Clean Energy		\$	\$ 15,827.00	\$ 15,827.00	\$ -
Sustainable Jersey Small Cities			10,000.00	10,000.00	-
Clean Communities			14,815.09	14,815.09	-
Drunk Driving			9,852.27	9,852.27	-
Body Armor			3,167.36	5,541.92	-
Clean Air Cool Planet			2,500.00	2,500.00	-
Recycling Tonnage			11,576.71	23,227.94	-
State of NJ DEP/HPC Grant			30,000.00	30,000.00	-
NJLPS Enforcing Underage Drinking Laws			1,574.69	1,574.69	-
Housing Inspections			11,404.00	24,397.00	-
Other Special Items:					
Beach Utility Debt Service			18,052.00	18,052.00	-
Water & Sewer Utility Contribution to Street Improvements			50,000.00	50,000.00	-
Total Miscellaneous Revenues	A-1		<u>4,993,363.03</u>	<u>5,538,251.39</u>	<u>474,727.48</u>
Receipts from Delinquent Taxes	A-1:A-2		<u>303,000.00</u>	<u>331,343.31</u>	<u>28,343.31</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		
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		\$ 7,887,271.40	\$ -	\$ 8,485,479.07	\$ 598,207.67
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>7,887,271.40</u>	<u>-</u>	<u>8,485,479.07</u>	<u>598,207.67</u>
Budget Totals		15,233,634.43	70,160.88	16,405,073.77	1,101,278.46
Non-Budget Revenues		<u>-</u>	<u>-</u>	<u>226,660.74</u>	<u>226,660.74</u>
		<u>\$ 15,233,634.43</u>	<u>\$ 70,160.88</u>	<u>\$ 16,631,734.51</u>	<u>\$ 1,327,939.20</u>

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

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 21,491,499.05
Less:	
Reserve for State Tax Appeal	-
Plus:	
Prior Year State Tax Appeal Withdrawn	-
Allocated to:	
School, County and Other Taxes	<u>13,904,285.38</u>
Balance for Support of Municipal Budget Appropriations	7,587,213.67
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>898,265.40</u>
Amount for Support of Municipal	
Budget Appropriations	<u>\$ 8,485,479.07</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 331,343.31
Tax Title Lien Collections	-
	<u>\$ 331,343.31</u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Accident Reports	\$ 849.75
Marriage Donation	12,775.00
Clerk's Office	8,314.91
Tax Sale Costs	622.54
Shade Tree	425.00
Geographic Info System	25,305.00
Copy Machine	98.97
Parking Fees	9,650.00
Cape May Point - Court	11,330.00
2% Admin Fee	1,119.34
Dog Excess	1,240.44
Restitution	1,041.45
Sale of Municipal Assets	33,184.00
NSF Fees	385.00
Tax / Fin Miscellaneous	<u>120,319.34</u>
	<u>\$ 226,660.74</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	\$ 135,150.00	\$ 135,150.00	\$ 120,077.31	\$	\$ 15,072.69	\$
Other Expenses	104,000.00	104,000.00	64,246.98	22,692.32	17,060.70	
Mayor and Council						
Salaries and Wages	46,500.00	46,500.00	41,774.90		4,725.10	
Other Expenses	6,775.00	6,775.00	4,165.86	37.92	2,571.22	
City Clerk						
Salaries and Wages	158,700.00	160,700.00	160,259.57		440.43	
Other Expenses	20,540.00	20,540.00	8,880.69	2,626.61	9,032.70	
Emergency		-			-	
Financial Administration						
Salaries and Wages	150,450.00	140,450.00	107,122.68		33,327.32	
Other Expenses	10,600.00	10,600.00	5,650.68	501.43	4,447.89	
Audit Services						
Other Expenses	27,000.00	27,000.00	26,000.00		1,000.00	
Assessment of Taxes						
Salaries and Wages	98,000.00	98,000.00	95,048.26		2,951.74	
Other Expenses	20,660.00	15,660.00	10,661.55	4,207.86	790.59	
Collection of Taxes						
Salaries and Wages	108,700.00	108,700.00	108,700.00		-	
Other Expenses	5,840.00	5,840.00	3,312.35	117.55	2,410.10	
Legal Services						
Other Expenses						
Miscellaneous Other Expenses	150,000.00	150,000.00	105,343.81	4,953.10	39,703.09	
Engineering Services						
Other Expenses	18,000.00	18,000.00	6,561.81	7,388.55	4,049.64	
Economic Development						
Other Expenses	15,000.00	15,000.00	15,000.00		-	
Emergency Medical Services - Collection						
Contractual Expenses	17,500.00	17,500.00	15,172.72		2,327.28	
Grants Coordinator						
Other Expenses	25,000.00	25,000.00	9,755.50	5,594.50	9,650.00	
INSURANCE:						
General Liability	129,500.00	129,500.00	106,913.35		22,586.65	
Workers Compensation Insurance	301,000.00	301,000.00	279,487.26		21,512.74	
Employee Group Health	1,630,720.00	1,630,720.00	1,340,679.57	79,922.19	210,118.24	

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	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$ 1,980.00	\$	\$ 3,020.00	\$
Other Expenses	14,300.00	14,300.00	11,869.50	866.19	1,564.31	
Zoning Board of Adjustment						
Salaries and Wages	5,000.00	5,000.00	1,800.00		3,200.00	
Other Expenses	12,000.00	12,000.00	10,154.85		1,845.15	
PUBLIC SAFETY:						
Fire						
Salaries and Wages	1,160,500.00	1,167,500.00	1,153,824.01		13,675.99	
Other Expenses	41,000.00	41,000.00	37,329.89	3,182.81	487.30	
Aid to Volunteer Fire Company						
Other Expenses	25,000.00	25,000.00	25,000.00		-	
Police						
Salaries and Wages	1,881,396.00	1,881,396.00	1,743,510.65		137,885.35	
Other Expenses	119,685.00	119,685.00	93,055.98	18,551.55	8,077.47	
Emergency Management Services						
Salaries and Wages	5,750.00	5,750.00	4,769.30		980.70	
Other Expenses	4,035.00	4,035.00	1,279.04	1,837.17	918.79	
Parking and Traffic Maintenance						
Salaries and Wages	96,500.00	79,500.00	69,523.65		9,976.35	
Other Expenses	52,200.00	52,200.00	44,268.17	944.17	6,987.66	
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	164,000.00	164,000.00	150,723.55		13,276.45	
Other Expenses	26,600.00	26,600.00	18,093.49	1,630.01	6,876.50	
Public Defender						
Other Expenses	8,300.00	8,300.00	7,500.00		800.00	

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	
PUBLIC WORKS FUNCTIONS:						
Road Repair and Maintenance						
Salaries and Wages	\$ 488,000.00	\$ 488,000.00	\$ 465,045.62	\$	\$ 22,954.38	\$
Other Expenses	189,610.00	209,610.00	177,536.68	20,643.69	11,429.63	
Sanitary Landfill - Contractual						
Other Expenses	25,500.00	27,500.00	24,557.38		2,942.62	
Recycling						
Salaries and Wages	38,400.00	39,400.00	39,263.74		136.26	
Other Expenses	301,735.00	291,735.00	285,127.05	2,350.75	4,257.20	
Public Buildings and Grounds						
Salaries and Wages	549,700.00	549,700.00	494,675.37		55,024.63	
Other Expenses	309,100.00	309,100.00	243,428.42	30,988.91	34,682.67	
Shade Tree Commission						
Salaries and Wages	1,800.00	1,800.00	990.00		810.00	
Other Expenses	32,000.00	32,000.00	24,943.34	4,004.66	3,052.00	
Property Maintenance Enforcement						
Other Expenses	2,500.00	2,500.00	900.00		1,600.00	
HEALTH AND HUMAN SERVICES:						
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	1,800.00	1,800.00	990.00		810.00	
Other Expenses	4,950.00	4,950.00	280.00		4,670.00	

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	
PARKS AND RECREATION:						
Civic Affairs						
Salaries and Wages	\$ 122,000.00	\$ 122,000.00	\$ 106,024.34	\$	\$ 15,975.66	\$
Other Expenses	52,800.00	62,800.00	52,064.45	107.97	10,627.58	
Historic Preservation Commission						
Salaries and Wages	11,000.00	11,000.00	9,922.42		1,077.58	
Other Expenses	21,900.00	21,900.00	9,379.44		12,520.56	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	327,200.00	317,200.00	304,973.31		12,226.69	
Other Expenses	15,060.00	15,060.00	10,263.39	1,197.31	3,599.30	
UNCLASSIFIED:						
Celebration of Public Events, Anniversary or Holiday	28,000.00	28,000.00	27,527.23		472.77	
UTILITY EXPENSES AND BULK PURCHASES:						
General Office Operations	101,600.00	106,600.00	97,957.43	6,673.98	1,968.59	
Street Lighting	115,000.00	120,000.00	105,158.12	3,178.68	11,663.20	
Gas Lighting	23,000.00	23,000.00	20,280.48	25.45	2,694.07	
Gas Lighting - Parts	14,000.00	14,000.00	14,000.00		-	
TOTAL OPERATIONS WITHIN "CAPS"	<u>9,583,756.00</u>	<u>9,583,756.00</u>	<u>8,524,785.14</u>	<u>224,225.33</u>	<u>834,745.53</u>	<u>-</u>
Contingent	1,000.00	1,000.00	-		1,000.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>9,584,756.00</u>	<u>9,584,756.00</u>	<u>8,524,785.14</u>	<u>224,225.33</u>	<u>835,745.53</u>	<u>-</u>
Detail:						
Salaries and Wages	5,560,546.00	5,533,546.00	5,180,998.68	-	352,547.32	-
Other Expenses	4,024,210.00	4,051,210.00	3,343,786.46	224,225.33	483,198.21	-
DEFERRED CHARGES:						
None	-	-	-			-

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	
STATUTORY EXPENDITURES:						
Contributions to:						
Public Employees' Retirement System	\$ 352,113.00	\$ 352,113.00	\$ 343,113.00		\$ 9,000.00	\$
Social Security System (O.A.S.I.)	295,000.00	295,000.00	270,769.15		24,230.85	
Police and Firemens' Retirement System	784,985.00	784,985.00	784,985.00		-	
Defined Contribution Retirement Program (DCRP)	2,000.00	2,000.00		2,000.00	-	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00		-	
Retirement Trust	25,000.00	25,000.00	25,000.00		-	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	<u>1,474,098.00</u>	<u>1,474,098.00</u>	<u>1,438,867.15</u>	<u>2,000.00</u>	<u>33,230.85</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>11,058,854.00</u>	<u>11,058,854.00</u>	<u>9,963,652.29</u>	<u>226,225.33</u>	<u>868,976.38</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"						
Employee Group Health	680.00	680.00			680.00	
Length of Service Award Program - Fire	22,000.00	22,000.00		22,000.00	-	
Interlocal Service Agreement						
Contractual - West Cape May - Police Protection	407,092.00	407,092.00	407,092.00		-	
Contractual - Cape May Point - Police Protection	246,012.00	246,012.00	246,012.00		-	
Rental of Property - West Cape May	33,273.00	33,273.00	33,271.96		1.04	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	<u>709,057.00</u>	<u>709,057.00</u>	<u>686,375.96</u>	<u>22,000.00</u>	<u>681.04</u>	<u>-</u>
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES						
None						
TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Drunk Driving Enforcement Fund	\$ 9,852.27	\$ 9,852.27	\$ 9,852.27		\$ -	\$ -
Clean Air Cool Planet		2,500.00	2,500.00		-	-
NJLPS Enforcing Underage Drinking Laws	1,574.69	1,574.69	1,574.69		-	-
Sustainable Jersey Small Cities		10,000.00	10,000.00		-	-
Housing Inspections	11,404.00	24,397.00	24,397.00		-	-
Clean Communities		14,815.09	14,815.09		-	-
Body Armor	3,167.36	5,541.92	5,541.92		-	-
Recycling Tonnage	11,576.71	23,227.94	23,227.94		-	-
Clean Energy		15,827.00	15,827.00		-	-
State of NJ DEP/HPC Grant					-	-
State Share	30,000.00	30,000.00	30,000.00		-	-
Local Share	20,000.00	20,000.00	20,000.00		-	-
Matching Funds for Grants	1,000.00	1,000.00			1,000.00	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>88,575.03</u>	<u>158,735.91</u>	<u>157,735.91</u>	<u>-</u>	<u>1,000.00</u>	<u>-</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>797,632.03</u>	<u>867,792.91</u>	<u>844,111.87</u>	<u>22,000.00</u>	<u>1,681.04</u>	<u>-</u>
Detail:						
Salaries and Wages	653,104.00	653,104.00	653,104.00			
Other Expenses	144,528.03	214,688.91	191,007.87	22,000.00	1,681.04	-
CAPITAL IMPROVEMENTS						
Reserve for Open Space	222,000.00	222,000.00	222,000.00		-	-
TOTAL CAPITAL IMPROVEMENTS	<u>222,000.00</u>	<u>222,000.00</u>	<u>222,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT SERVICE						
Payment of Bond Principal	1,406,400.00	1,406,400.00	1,406,371.96		-	28.04
Payment of Bond Anticipation Notes and Capital Notes	85,000.00	85,000.00	85,000.00		-	-
Interest on Bonds	422,100.00	422,100.00	422,075.74		-	24.26
Interest on Notes	60,050.00	60,050.00	60,000.00		-	50.00
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	5,380.00	5,380.00	5,380.00		-	-
Interest	2,100.00	2,100.00	2,100.00		-	-
Series 2001B						
Principal	10,550.00	10,550.00	10,550.00		-	-
Interest	3,720.00	3,720.00	2,957.96		-	762.04
TOTAL DEBT SERVICE	<u>2,144,500.00</u>	<u>2,144,500.00</u>	<u>2,143,602.12</u>	<u>-</u>	<u>-</u>	<u>897.88</u>

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	
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Special Emergencies 5 Year:						
Revaluation	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ -	\$ -	\$ -
Master Plan	20,000.00	20,000.00	20,000.00	-	-	-
Emergency Authorization	17,383.00	17,383.00	17,382.13	-	-	0.87
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	<u>112,383.00</u>	<u>112,383.00</u>	<u>112,382.13</u>	<u>-</u>	<u>-</u>	<u>0.87</u>
Judgments	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>3,276,515.03</u>	<u>3,346,675.91</u>	<u>3,322,096.12</u>	<u>22,000.00</u>	<u>1,681.04</u>	<u>898.75</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>14,335,369.03</u>	<u>14,405,529.91</u>	<u>13,285,748.41</u>	<u>248,225.33</u>	<u>870,657.42</u>	<u>898.75</u>
Reserve for Uncollected Taxes	<u>898,265.40</u>	<u>898,265.40</u>	<u>898,265.40</u>	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 15,233,634.43</u>	<u>\$ 15,303,795.31</u>	<u>\$ 14,184,013.81</u>	<u>\$ 248,225.33</u>	<u>\$ 870,657.42</u>	<u>\$ 898.75</u>

Adopted Budget \$ 15,233,634.43
 Appropriation by N.J.S.A. 40A:4-87 70,160.88
\$ 15,303,795.31

Reserve for Uncollected Taxes \$ 898,265.40
 Federal and State Grants 137,735.91
 Deferred Charges 112,382.13
 Cash Disbursed 13,035,630.37
\$ 14,184,013.81

**EXHIBIT - B
TRUST FUND**

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ <u>2,383.00</u>	\$ <u>2,650.36</u>
		<u>2,383.00</u>	<u>2,650.36</u>
<u>Other Funds</u>			
Cash and Investments	B-2	<u>2,231,077.88</u>	<u>1,912,563.21</u>
		<u>2,231,077.88</u>	<u>1,912,563.21</u>
		\$ <u>2,233,460.88</u>	\$ <u>1,915,213.57</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, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 2,383.00	\$ 2,644.36
Due to State of New Jersey		-	6.00
		<u>2,383.00</u>	<u>2,650.36</u>
<u>Other Funds</u>			
Reserve for:			
Due to Current Fund		18.38	-
Recreation Dedicated Trust		72,609.53	129,023.78
Unemployment Compensation		720.08	2,010.15
Retirement Fund		178,448.01	177,719.94
Parking Offense Adjudication Act		18,704.38	18,732.49
Street Openings		47,121.29	32,356.52
Tax Lien Premiums		104,564.87	5,964.87
Parking Escrow		19,581.12	19,544.56
Lifeguard Pension		365,603.04	328,786.23
Police Forfeiture		2,169.69	576.56
COAH		150,333.22	-
Neighborhood Revitalization		140,233.92	139,972.17
Security Deposits		29,899.98	10,874.39
DARE		526.76	704.31
Small Cities Block Grant		633,735.70	632,552.83
Public Assistance		3,506.70	3,500.14
Performance Bond		429,520.82	337,912.15
Police Off-Duty		9,048.90	3,899.21
Tourism Development		22,566.26	66,471.94
Fishermen's Memorial		2,165.23	1,960.97
		<u>2,231,077.88</u>	<u>1,912,563.21</u>
		\$ <u>2,233,460.88</u>	\$ <u>1,915,213.57</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Cash and Investments		\$ 5,046,764.52	\$ 3,917,083.84
Total Cash	C-2,C-3	<u>5,046,764.52</u>	<u>3,917,083.84</u>
State Grant Receivable		30,436.17	30,436.17
NJEIT Loans Receivable		35,670.53	35,670.53
Deferred Charges to Future Taxation:			
Funded	C-5	8,748,378.46	10,307,825.47
Unfunded	C-6	35,006,250.00	33,166,250.00
		<u>\$ 48,867,499.68</u>	<u>\$ 47,457,266.01</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 8,052,828.89	\$ 9,459,200.85
Bond Anticipation Notes Payable	C-9	10,415,000.00	4,800,000.00
Green Trust Loan Payable	C-8A	497,064.41	634,228.70
Environmental Infrastructure Trust Loans Payable	C-8C	198,485.16	214,395.92
Improvement Authorizations:			
Funded	C-7	1,097,995.76	1,099,909.92
Unfunded	C-7	20,051,071.00	27,905,903.66
Encumbrances Payable		5,909,720.41	926,322.82
Reserve to Pay Bonds or Notes		577,074.17	577,074.17
Reserve for Open Space		1,832,569.00	1,610,569.00
Reserves Other		11,575.60	11,575.60
Capital Improvement Fund	C-4	116,250.00	191,250.00
Fund Balance	C-1	107,865.28	26,835.37
		<u>\$ 48,867,499.68</u>	<u>\$ 47,457,266.01</u>

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

Balance December 31, 2010	<u>Ref.</u> C		\$	26,835.37
Increased By:				
Bond Premium		\$		81,029.91
				81,029.91
				107,865.28
Decreased By:				
None				-
				-
Balance December 31, 2011	C		\$	107,865.28

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 1,845,439.55	\$ 1,741,466.87
		<u>1,845,439.55</u>	<u>1,741,466.87</u>
Receivables With Full Reserves:			
Water & Sewer Rents Receivable	D-7	27,930.14	54,402.69
		<u>27,930.14</u>	<u>54,402.69</u>
Deferred Charges:			
Overexpenditure of Appropriation		6,118.56	6,118.56
		<u>6,118.56</u>	<u>6,118.56</u>
 Total Operating Fund		 <u>1,879,488.25</u>	 <u>1,801,988.12</u>
 Capital Fund:			
Cash and Investments		1,675,143.41	1,065,522.20
Due from Utility Operating		97,782.30	97,782.30
Total Cash	D-5	<u>1,772,925.71</u>	<u>1,163,304.50</u>
Loans Receivable		52,126.47	52,126.47
Fixed Capital:			
Completed		18,975,433.85	18,975,433.85
Authorized and Uncompleted		18,375,155.99	17,025,155.99
 Total Capital Fund		 <u>39,175,642.02</u>	 <u>37,216,020.81</u>
		<u>\$ 41,055,130.27</u>	<u>\$ 39,018,008.93</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, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Operating Fund:</u>			
Appropriation Reserves	D-4	\$ 322,727.78	\$ 379,931.73
Encumbrances Payable		73,278.79	116,392.41
Sales Tax Payable		190.71	190.71
Accrued Interest on Bonds and Notes	D-11	145,159.41	133,469.74
Reserve for Sewer Treatment Plant		809.71	809.71
Due to Utility Capital		97,782.30	97,782.30
		<u>639,948.70</u>	<u>728,576.60</u>
Reserve for Receivables	D	27,930.14	54,402.69
Fund Balance	D-1	1,211,609.41	1,019,008.83
Total Operating Fund		<u>1,879,488.25</u>	<u>1,801,988.12</u>
<u>Capital Fund:</u>			
Serial Bonds Payable	D-13	4,661,301.79	5,425,315.75
Bond Anticipation Notes Payable	D-14	3,985,000.00	3,383,500.00
Loans Payable	D-13a	6,670,626.36	4,165,773.77
Reserve for Debt Service		445,767.10	104,061.10
Encumbrances Payable		764,373.08	2,930,710.18
Improvement Authorizations			
Funded	D-12	490,041.30	217,967.31
Unfunded	D-12	2,973,422.78	2,802,248.22
Reserve for Amortization		17,082,470.46	16,134,809.09
Deferred Reserve for Amortization		1,789,655.23	1,789,655.23
Capital Improvement Fund	D-10	160,000.00	140,000.00
Fund Balance	D-2	152,983.92	121,980.16
Total Capital Fund		<u>39,175,642.02</u>	<u>37,216,020.81</u>
		<u>\$ 41,055,130.27</u>	<u>\$ 39,018,008.93</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	198,467.00	\$ 265,506.43
Water and Sewer Rents		6,004,636.65	6,503,633.57
Miscellaneous		85,430.23	55,028.43
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		349,713.90	219,013.62
 Total Income		<u>6,638,247.78</u>	<u>7,043,182.05</u>
 Expenditures:			
Operations:			
Salaries and Wages		844,050.00	934,750.00
Other Expenses		3,811,270.00	3,726,520.00
Capital Improvements		70,000.00	70,000.00
Debt Service		1,437,860.20	1,358,633.62
Deferred Charges and Statutory Expenditures		84,000.00	97,315.43
Total Expenditures		<u>6,247,180.20</u>	<u>6,187,219.05</u>
 Excess in Revenue		391,067.58	855,963.00
 Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	6,118.56
		<u>391,067.58</u>	<u>862,081.56</u>
 Fund Balance January 1	D	<u>1,019,008.83</u>	<u>422,433.70</u>
		1,410,076.41	1,284,515.26
 Decreased By:			
Utilization as Anticipated Revenue		<u>198,467.00</u>	<u>265,506.43</u>
Balance December 31	D	<u>\$ 1,211,609.41</u>	<u>\$ 1,019,008.83</u>

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

Balance December 31, 2010	<u>Ref.</u> D	\$ 121,980.16
Increased By:		
Cancellation of Improvement Authorizations	\$	
Note Premium	<u>31,003.76</u>	<u>31,003.76</u>
		152,983.92
Decreased By:		
None	-	-
		<u>-</u>
Balance December 31, 2011	D	<u>\$ 152,983.92</u>

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

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 198,467.00	\$ 198,467.00	\$ -
Anticipated Revenue:			
Water and Sewer Rents	6,065,500.00	6,004,636.65	(60,863.35)
Miscellaneous	55,000.00	85,430.23	30,430.23
	<u>6,120,500.00</u>	<u>6,090,066.88</u>	<u>(30,433.12)</u>
Total Revenue	\$ <u>6,318,967.00</u>	\$ <u>6,288,533.88</u>	\$ <u>(30,433.12)</u>

Analysis of Realized Revenue:

Water and Sewer Rents			
Accounts Receivable	\$ 6,004,636.65		
		<u>6,004,636.65</u>	
Total Water & Sewer Rents		\$ <u>6,004,636.65</u>	
Miscellaneous Revenue			
Interest on Investments	5,643.42		
Penalties and Interest	5,060.31		
Sewer Connection Fees	6,506.00		
Meter Installations	25,814.00		
Reconnection Fees	10,632.63		
Special Reading Charge	5,650.00		
Shut Off Notice Fee	4,820.00		
Disconnection Fees	7,760.00		
Auction Sale Proceeds	10,367.00		
Miscellaneous	3,176.87		
Total Miscellaneous		\$ <u>85,430.23</u>	

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

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 880,950.00	\$ 844,050.00	\$ 802,323.82	\$ 41,726.18	\$
Other Expenses	3,811,270.00	3,811,270.00	3,535,661.19	275,608.81	
	<u>4,692,220.00</u>	<u>4,655,320.00</u>	<u>4,337,985.01</u>	<u>317,334.99</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	764,014.00	764,014.00	764,013.96	-	0.04
Payment on Bond Anticipation Notes & Capita	38,500.00	38,500.00	38,500.00	-	-
Interest on Bonds	246,116.00	246,116.00	236,714.89	-	9,401.11
Interest on Notes	48,000.00	84,900.00	72,137.79	-	12,762.21
USDA Rural Development & NJEIT Bonds	376,117.00	376,117.00	326,493.56	-	49,623.44
	<u>1,472,747.00</u>	<u>1,509,647.00</u>	<u>1,437,860.20</u>	<u>-</u>	<u>71,786.80</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	62,607.21	5,392.79	
Unemployment Compensation Insurance	3,000.00	3,000.00	3,000.00	-	
Retirement Trust	4,000.00	4,000.00	4,000.00	-	
	<u>84,000.00</u>	<u>84,000.00</u>	<u>78,607.21</u>	<u>5,392.79</u>	<u>-</u>
	<u>\$ 6,318,967.00</u>	<u>\$ 6,318,967.00</u>	<u>\$ 5,924,452.42</u>	<u>\$ 322,727.78</u>	<u>\$ 71,786.80</u>
Ref.	D				D
		Cash Disbursed	\$ 5,839,483.96		
		Accrued Interest	11,689.67	Unexpended Balance	
		Encumbered	73,278.79	Cancelled	\$ 71,786.80
			<u>5,924,452.42</u>		
					<u>\$ 71,786.80</u>

EXHIBIT - E
BEACH UTILITY FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	E-5	\$ <u>522,238.14</u>	\$ <u>529,016.16</u>
		<u>522,238.14</u>	<u>529,016.16</u>
Total Operating Fund		<u>522,238.14</u>	<u>529,016.16</u>
Capital Fund:			
Cash and Investments		<u>375,688.43</u>	<u>920,766.70</u>
Total Cash	E-5	<u>375,688.43</u>	<u>920,766.70</u>
Fixed Capital:			
Authorized and Uncompleted		3,247,800.00	2,847,800.00
Total Capital Fund		<u>3,623,488.43</u>	<u>3,768,566.70</u>
		<u>\$ 4,145,726.57</u>	<u>\$ 4,297,582.86</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Operating Fund:</u>			
Appropriation Reserves	E-4	\$ 128,452.32	\$ 82,849.14
Encumbrances Payable		52,404.64	14,520.48
Accrued Interest on Bonds and Notes	E-11	10,940.63	11,723.44
		<u>191,797.59</u>	<u>109,093.06</u>
Fund Balance	E-1	<u>330,440.55</u>	<u>419,923.10</u>
Total Operating Fund		<u>522,238.14</u>	<u>529,016.16</u>
<u>Capital Fund:</u>			
Bond Anticipation Notes Payable	E-14	1,945,000.00	2,501,000.00
Encumbrances Payable		10,091.90	-
Reserve for Amortization		930,000.00	174,000.00
Reserve for Debt Service		-	654,143.00
Improvement Authorizations			
Funded	E-12	295,591.56	164,831.41
Unfunded	E-12	392,284.21	239,203.86
Capital Improvement Fund	E-10	14,000.00	14,000.00
Fund Balance	E-2	36,520.76	21,388.43
		<u>3,623,488.43</u>	<u>3,768,566.70</u>
Total Capital Fund		<u>\$ 4,145,726.57</u>	<u>\$ 4,297,582.86</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	332,658.00	\$ 315,139.00
Beach Fees		2,030,746.94	1,955,300.83
Other Credits to Income:			
Miscellaneous Revenue not Anticipated		11,366.14	18,169.29
Unexpended Balance of Appropriation			
Reserves		78,541.05	109,001.46
Reserve to Pay Bonds & Noted		654,143.00	-
Total Income		<u>3,107,455.13</u>	<u>2,397,610.58</u>
Expenditures:			
Operations:			
Salaries and Wages		1,292,148.00	1,277,744.00
Other Expenses		528,100.00	466,700.00
Capital Improvements		100,000.00	100,000.00
Debt Service		804,531.68	143,516.14
Deferred Charges and Statutory Expenditures		139,500.00	136,000.00
Total Expenditures		<u>2,864,279.68</u>	<u>2,123,960.14</u>
Excess in Revenue		243,175.45	273,650.44
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>243,175.45</u>	<u>273,650.44</u>
Fund Balance January 1	E	<u>419,923.10</u>	<u>461,411.66</u>
		663,098.55	735,062.10
Decreased By:			
Utilization as Anticipated Revenue		332,658.00	315,139.00
Balance December 31	E	<u>\$ 330,440.55</u>	<u>\$ 419,923.10</u>

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

Balance December 31, 2010	<u>Ref.</u> E		\$	21,388.43
Increased By:				
Bond Premium		\$ 15,132.33		
				15,132.33
				36,520.76
Decreased By:				
None		-		
		-		-
Balance December 31, 2011	E		\$	36,520.76

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	\$ 332,658.00	\$ 332,658.00	\$ -
Anticipated Revenue:			
Beach Fees	1,875,000.00	2,030,746.94	155,746.94
Miscellaneous	5,000.00	11,366.14	6,366.14
Reserve to Pay Bonds & Noted	<u>654,143.00</u>	<u>654,143.00</u>	<u>-</u>
	<u>2,534,143.00</u>	<u>2,696,256.08</u>	<u>162,113.08</u>
Total Revenue	<u>\$ 2,866,801.00</u>	<u>\$ 3,028,914.08</u>	<u>\$ 162,113.08</u>

Analysis of Realized Revenue:

Beach Fees			
Collections	\$ 2,030,746.94		
Total Beach Fees		<u>\$ 2,030,746.94</u>	
Miscellaneous Revenue			
Interest on Investments:			
Operating Fund	2,580.97		
Miscellaneous	<u>8,785.17</u>		
Total Miscellaneous		<u>\$ 11,366.14</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	\$ 1,292,148.00	\$ 1,292,148.00	\$ 1,204,191.30	\$ 87,956.70	\$
Other Expenses	528,100.00	528,100.00	499,691.60	28,408.40	
	<u>1,820,248.00</u>	<u>1,820,248.00</u>	<u>1,703,882.90</u>	<u>116,365.10</u>	<u>-</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	33,000.00	33,000.00	30,479.68		2,520.32
Bond Principle	18,053.00	18,053.00	18,052.00		1.00
Payment on BAN's & Capital Notes	756,000.00	756,000.00	756,000.00		-
	<u>807,053.00</u>	<u>807,053.00</u>	<u>804,531.68</u>	<u>-</u>	<u>2,521.32</u>
Deferred Charges and Statutory Expenditures					
Social Security System (O.A.S.I.)	99,000.00	99,000.00	86,912.78	12,087.22	
Unemployment Compensation Insurance	13,000.00	13,000.00	13,000.00	-	
Lifeguard Pension	27,500.00	27,500.00	27,500.00	-	
	<u>139,500.00</u>	<u>139,500.00</u>	<u>127,412.78</u>	<u>12,087.22</u>	<u>-</u>
	<u>\$ 2,866,801.00</u>	<u>\$ 2,866,801.00</u>	<u>\$ 2,735,827.36</u>	<u>\$ 128,452.32</u>	<u>\$ 2,521.32</u>
Ref.	E				E
		Cash Disbursed	\$ 2,748,858.53		
		Accrued Interest	(782.81)		
		Reimbursements	(64,653.00)		
		Encumbered	52,404.64		
			<u>\$ 2,735,827.36</u>		

EXHIBIT - F
GENERAL FIXED ASSET ACCOUNT GROUP

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>		<u>Balance Dec. 31, 2010</u>
<u>General Fixed Assets</u>				
Land, Buildings and Improvements	\$	13,347,025.06	\$	13,347,025.06
Machinery and Equipment		9,796,926.29		9,316,068.69
		<u>23,143,951.35</u>		<u>22,663,093.75</u>
 <u>Investment in General Fixed Assets</u>				
Investment in General Fixed Assets	\$	23,143,951.35	\$	22,663,093.75
		<u>23,143,951.35</u>		<u>22,663,093.75</u>

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

Basis of Presentation, Fund Accounting

The financial statements – statutory 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 GAAP.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Fund

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

Trust Funds

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

General Capital Funds

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

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.

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 – statutory basis.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

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

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets

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

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

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

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

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

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

Utility Fixed Assets

Property and equipment purchased by 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2011, the following is a breakdown of the school tax payable and year end tax deferral:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Category</u>	<u>Local District</u>	<u>Regional District</u>
School Tax Payable	\$ 741,960.50	\$ 3,062,384.75
School Tax Deferred	741,964.74	3,063,182.56
	<u>\$ (4.24)</u>	<u>\$ (797.81)</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.

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.

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

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 19,163,378.46	\$ 15,107,825.47	\$ 13,881,196.13
Water and			
Sewer Utility:			
Bonds, Loans and Notes	15,316,928.15	12,974,589.52	12,457,551.56
Beach Utility:			
Bonds, Loans and Notes	1,945,000.00	2,501,000.00	1,701,000.00
Total Issued	<u>36,425,306.61</u>	<u>30,583,414.99</u>	<u>28,039,747.69</u>
Less:			
Funds Temporarily			
Held to Pay Bonds			
and Notes:			
General	577,074.17	577,074.17	542,074.17
Water and Sewer Utility	445,767.10	104,061.10	104,061.10
Beach Utility	-	654,143.00	45,088.00
Net Debt Issued	<u>35,402,465.34</u>	<u>29,248,136.72</u>	<u>27,348,524.42</u>
<u>Authorized but</u>			
<u>not Issued</u>			
Bonds and Notes:			
General	24,591,250.00	28,366,250.00	29,380,000.00
Water and			
Sewer Utility	3,166,536.00	5,116,536.00	5,516,536.00
Beach Utility	372,800.00	172,800.00	807,800.00
Total Authorized but	<u>28,130,586.00</u>	<u>33,655,586.00</u>	<u>35,704,336.00</u>
not Issued			
Net Bonds and Notes			
Issued, and			
Authorized but not			
Issued	<u>\$ 63,533,051.34</u>	<u>\$ 62,903,722.72</u>	<u>\$ 63,052,860.42</u>

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

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.57%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ 3,127,718.76	\$ 3,127,718.76	\$ -
Water and Sewer Utility Debt	19,596,464.15	19,596,464.15	-
Beach Utility Debt	2,617,800.00	2,617,800.00	-
General Debt	45,090,042.10	577,074.17	44,512,967.93
	<u>\$ 70,432,025.01</u>	<u>\$ 25,919,057.08</u>	<u>\$ 44,512,967.93</u>

Net Debt of \$44,512,967.93 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$2,830,519,586 = 1.57%

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

3 1/2% of Equalized Valuation Basis	\$ 97,334,413.12
Net Debt	(42,897,001.30)
Remaining Borrowing Power	<u>\$ 54,437,411.82</u>

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

Description of Bonds and Loans Payable

At December 31, 2011, 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, 2011 is \$1,475,000.00.

\$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, 2011 is \$882,828.89.

\$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, 2011 is \$640,000.00.

\$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, 2011 is \$5,055,000.00.

\$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, 2011 is \$251,638.65.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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, 2011 is \$245,425.76.

\$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, 2011 is \$39,200.00.

\$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, 2010 is \$32,961.22.

\$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, 2011 is \$57,723.94.

\$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, 2010 is \$68,600.00.

At December 31, 2011, 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, 2011 is \$801,196.79.

\$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, 2011 is \$70,105.00.

\$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, 2011 is \$360,000.00.

\$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, 2011 is \$320,000.00.

\$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, 2011 is \$42,105.01.

\$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, 2011 is \$40,800.00.

\$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, 2011 is \$34,306.58.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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, 2011 is \$60,080.03.

\$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, 2011 is \$71,400.00.

\$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, 2011 is \$1,149,722.50.

\$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, 2011 is \$2,102,212.24.

\$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, 2011 is \$220,000.00.

\$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, 2011 is \$2,740,000.00.

\$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, 2011 is \$1,250,000.00.

\$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, 2011 is \$1,400,000.00.

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

NOTE 2: LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

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

	Outstanding 12/31/10	Issues or Additions	Payments or Expenditures	Outstanding 12/31/11
General Capital Fund:				
Bonds Payable	\$ 9,459,200.85	\$	\$ 1,406,371.96	\$ 8,052,828.89
Loans Payable	634,228.70		137,164.29	497,064.41
Total General Capital Fund	<u>10,093,429.55</u>	<u>-</u>	<u>1,543,536.25</u>	<u>8,549,893.30</u>
Utility Capital Fund:				
Bonds Payable	5,425,315.75		764,013.96	4,661,301.79
Loans Payable	4,165,773.77	2,650,000.00	145,147.41	6,670,626.36
Total Utility Capital Fund	<u>9,591,089.52</u>	<u>2,650,000.00</u>	<u>909,161.37</u>	<u>11,331,928.15</u>
Beach Utility Capital Fund:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 19,684,519.07</u>	<u>\$ 2,650,000.00</u>	<u>\$ 2,452,697.62</u>	<u>\$ 19,881,821.45</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
2012	\$ 1,467,540.56	\$ 368,913.93	\$ 855,364.16	\$ 233,294.98
2013	1,521,550.08	307,349.92	879,247.62	196,241.44
2014	1,213,210.09	242,680.41	760,878.00	157,938.80
2015	747,630.59	189,034.39	525,164.40	123,612.74
2016	759,722.12	151,536.83	537,211.37	97,467.09
2017-2021	2,450,975.45	229,623.85	1,527,716.24	149,073.90
2022			7,920.00	198.00
	<u>\$ 8,160,628.89</u>	<u>\$ 1,489,139.33</u>	<u>\$ 5,093,501.79</u>	<u>\$ 957,826.95</u>

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

NOTE 2: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Loans

Year Ending December 31,	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2012	\$ 148,218.95	\$ 9,245.17	\$ 127,814.82	\$ 241,959.90
2013	150,768.27	6,432.75	129,980.41	238,373.88
2014	25,352.76	4,208.71	137,153.58	234,634.72
2015	25,354.53	3,887.57	139,430.16	230,735.84
2016	26,938.33	3,559.96	146,698.17	226,670.34
2017-2021	107,181.41	10,830.18	681,880.26	1,066,019.54
2022-2026	103,935.32	5,336.17	697,542.38	934,887.62
2027-2031			859,264.89	773,165.11
2032-2036			1,058,765.14	573,664.86
2037-2041			871,436.54	351,525.53
2042-2046			751,173.35	204,506.65
2047-2052			637,286.66	62,848.32
	<u>\$ 587,749.57</u>	<u>\$ 43,500.51</u>	<u>\$ 6,238,426.36</u>	<u>\$ 5,138,992.31</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, 2011, the City estimates this liability to approximate \$1,468,362.78 based on 2011 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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, 2011		Balance December 31, 2010
Prepaid Taxes - Cash Liability	\$	414,995.94	\$	330,663.32

NOTE 6: RETIREMENT PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) contributory defined benefit public employee retirement systems that have been established by State Statute. These systems are sponsored and administered by the State of New Jersey.

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:14A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one-quarter of one percent for each month the member lacks of attaining the age 55).

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$241,106,642 from the proceeds of the bonds were deposited into the investment accounts of PERS.

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

NOTE 6: RETIREMENT PLANS (Continued)

Significant Legislation (Continued)

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the employee contribution rates under PERS by ½ of 1 percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 2001, providing excess valuation assets are available. The rate for the year 2003 was 3%. The legislation also provides for a reduction in the normal contributions of the State to the System from excess assets for fiscal years 1997 and 1998, and local employers for fiscal year 1998, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of the State and local employers to the systems, to the extent possible, from up to 100% of excess assets through fiscal year 2003, and on a declining maximum percentage of excess thereafter.

Due to enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

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.

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.

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% 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, 2011 AND 2010
(CONTINUED)

NOTE 6: RETIREMENT 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% of base salary.

For the Public Employees' Retirement System, the City's contribution was \$344,364.00 for 2011 and \$319,658.00 for 2010.

For the Police and Firemens' Retirement System, the City's contribution was \$784,985.00 for 2011 and \$632,199.00 for 2010.

NOTE 7: CASH AND INVESTMENTS

Cash

Operating cash, in the form of checking and savings, is held in the City's name by a commercial banking institution. At December 31, 2011, the carrying amount of the City's deposits was \$16,779,148.41 and the bank balance was \$17,361,299.24. Of the bank balance, \$250,000.00 was insured with Federal Deposit Insurance Corporation. The remaining balance was insured under the Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the City's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the City would not be able to recover the value of its deposits or investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2011, all of the City's deposits were insured by FDIC or GUDPA, and accordingly are not exposed to custodial credit risk. The City does not have a policy for custodial credit risk.

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, 2011, the City did not have any investments.

CITY OF CAPE MAY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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					
	2011		2010		2009
Tax Rate	\$ 0.784	\$	0.740	\$	0.853
Apportionment of Tax Rate:					
Municipal	0.283		0.277		0.320
County	0.227		0.214		0.251
Local School	0.054		0.053		0.067
Regional School	0.220		0.196		0.215

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

NOTE 8: PROPERTY TAXES (Continued)

Assessed Valuation

	2011	\$	2,791,886,281.00
	2010		2,799,904,065.00
	2009		2,239,290,369.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 21,901,353.96	\$ 21,491,499.05	98.13%
2010	20,735,739.26	20,320,697.53	98.00%
2009	19,142,115.57	18,818,942.48	98.31%

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>
2011	\$ 57,990.00	\$ 380,249.28	\$ 438,239.28	2.00%
2010	35,769.23	335,518.48	371,287.71	1.79%
2009	17,084.23	310,641.82	327,726.05	1.71%

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>
2011	\$ 83,316.00
2010	83,316.00
2009	83,316.00

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

NOTE 9: 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 2010, the City provided post-employment health care benefits of \$349,749.54 to thirty two (32) 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 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	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%
	2007	3,081,193.06	2,000,000.00	64.91%
Water & Sewer Utility	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%
	2007	849,527.65	549,524.51	64.69%
Beach Utility	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%
	2007	185,050.79	115,776.33	62.56%

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

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 18.38	\$ 71,045.06
Grant Fund	71,045.06	
Trust Funds		18.38
Utility Capital	97,782.30	
Utility Operating		97,782.30
	<u>\$ 168,845.74</u>	<u>\$ 168,845.74</u>

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, 2011:

	December 31, 2010	Additions	Disposals	Adjustments	December 31, 2011
Land, Building and Improvements	\$ 13,347,025.06	\$	\$	\$	\$ 13,347,025.06
Machinery & Equipment	9,316,068.69	511,702.39	30,844.79		9,796,926.29
Total	<u>\$ 22,663,093.75</u>	<u>\$ 511,702.39</u>	<u>\$ 30,844.79</u>	<u>\$ -</u>	<u>\$ 23,143,951.35</u>

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

NOTE 15: 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 16: RISK MANAGEMENT

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

Property and Liability Insurance

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

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: DEFINED CONTRIBUTION RETIREMENT PROGRAM

Plan Description

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 Benefits Provisions

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.

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

NOTE 18: DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Vesting and Benefits Provisions (Continued)

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

Members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended December 31, 2011.

NOTE 19: 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, 2011 was \$365,603.04 and \$328,728.23 at December 31, 2010.

NOTE 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred December 31, 2011 through October 22, 2012, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2010	A	\$ 4,440,037.06	\$ 2,695.40
Increased By Receipts:			
Taxes Receivable		\$ 21,487,419.34	\$
Tax Title Liens		-	
Prepaid Taxes		414,995.94	
Due from State - Seniors and Veterans		55,967.22	
Miscellaneous Revenue Anticipated		5,400,483.05	
Miscellaneous Revenue Not Anticipated		226,660.74	
Due from Current			5.05
Due from TTL Premium		101,500.00	
Due from Other Trusts		20,591.50	
Due from Tourism Commission		68,580.00	
Due from Grant Fund		86,456.45	
Due from General Capital		47,909.50	
Due from Utility Operating		12,548.81	
Due from Beach Operating Fund		9,411.00	
Due to COAH		89,320.00	
Due from Street Opening Trust		16,800.00	
Due to P.O.A.A. Trust		3,494.00	
Elections		11,709.99	
Due from Performance Bond		127,698.00	
Payroll & Payroll Taxes Payable		8,945,455.58	
Due Special Escrows		5,140.00	
Reserve for Escow Trust		66,187.39	
TTL Exchange		40,235.20	
Due to the State of New Jersey:			
Marriage Licenses		6,100.00	
DCA Training Fees		12,636.00	
		<u>37,257,299.71</u>	<u>5.05</u>
		\$ 41,697,336.77	\$ 2,700.45

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Decreased By Disbursements:			
2011 Appropriations	\$	13,035,630.37	\$
2010 Appropriation Reserves		98,781.88	
Reserve for Encumbrances		283,194.27	
County Taxes		6,287,592.96	
County Added and Omitted Taxes		4,756.95	
Local District School Tax		1,483,921.00	
Regional District School Tax		5,803,870.90	
Tax Overpayments		45,137.46	
Due to Other Trusts		20,591.50	
Due to TTL Premium		101,500.00	
Due to Federal and State Grant Fund		81,576.85	
Due to General Capital		47,909.50	
Due to Beach Utility Operating		9,411.00	
Due to Utility Operating		12,548.81	
Due to Street Opening		16,800.00	
Due to P.O.A.A. Trust		3,494.00	
Due to Performance Bond		127,698.00	
Elections		11,709.99	
Due to COAH		89,320.00	
Due to Tourism Commission		68,580.00	
TTL Exchange Account		19,103.63	
Reserve for Escrow Trust		67,109.89	
Due Special Escrows		5,140.00	
Payroll & Payroll Taxes Payable		8,877,053.12	
Due to the State of New Jersey:			
Marriage Licenses		5,850.00	
DCA Training Fees		11,347.00	
		<u>36,619,629.08</u>	<u>-</u>
Balance December 31, 2011	A	\$ <u><u>5,077,707.69</u></u>	\$ <u><u>2,700.45</u></u>

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

Year	Balance	2011 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance
	Dec. 31, 2010			2010	2011			Dec. 31, 2011
Arrears 2010	\$ 335,518.48				\$ 331,343.31	\$ 3,041.64	\$ 1,133.53	\$ -
	335,518.48	-	-	-	331,343.31	3,041.64	1,133.53	(0.00)
2011	-	21,901,353.96	7,361.53	330,663.32	21,160,835.73	15,879.92	21,087.24	380,249.28
	\$ 335,518.48	\$ 21,901,353.96	\$ 7,361.53	\$ 330,663.32	\$ 21,492,179.04	\$ 18,921.56	\$ 22,220.77	\$ 380,249.28
Ref.	A							A

\$ 21,487,419.34 Cash Receipts
 54,500.00 Senior Citizens and Veterans
 (49,740.30) Overpayments Applied(Created)
\$ 21,492,179.04

Analysis of 2011 Property Tax Levy

Tax Yield:

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

\$ 21,901,353.96
\$ 21,901,353.96

Tax Levy:

Local District School Tax Levy
 Regional District School Tax Levy

\$ 1,483,921.00
 6,124,769.50
7,608,690.50

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

6,287,592.96
 8,001.92
 7,887,271.40
109,797.18
7,997,068.58

\$ 21,901,353.96

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2010	<u>Ref.</u> A		\$	35,769.23
Increased By:				
Transfers from Taxes Receivable		\$		<u>22,220.77</u>
				<u>22,220.77</u>
				57,990.00
Decreased By:				
None		<u>-</u>		<u>-</u>
Balance December 31, 2011	A		\$	<u><u>57,990.00</u></u>

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued In 2011	Collected	Balance Dec. 31, 2011
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 56,128.00	\$ 56,128.00	\$ -
Other	-	312,001.80	312,001.80	-
Fees and Permits	-	185,647.30	185,647.30	-
Fines and Costs:				
Municipal Court	7,728.06	243,239.40	245,671.05	5,296.41
Interest and Costs on Taxes	-	76,525.44	76,525.44	-
Parking Meters	-	1,057,977.46	1,057,977.46	-
Interest on Investments and Deposits	-	16,988.91	16,988.91	-
Hotel Room Tax	-	1,121,644.90	1,121,644.90	-
Lease and Rent Contracts	-	524,124.29	524,124.29	-
TV Cable Receipts	-	34,856.57	34,856.57	-
Victorian Towers - In Lieu of Taxes	-	136,160.37	136,160.37	-
Emergency Medical Services	-	323,141.39	323,141.39	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	337,632.00	337,632.00	-
Uniform Construction Code Fees	-	250,860.00	250,860.00	-
Interlocal Services Agreement -				
West Cape May - Police Protection	-	407,092.00	407,092.00	-
Cape May Point - Police Protection	-	246,012.00	246,012.00	-
Beach Utility Debt Service	-	18,052.00	18,052.00	-
Water & Sewer Utility Contribution to Street Repairs	-	50,000.00	50,000.00	-
Miscellaneous Revenue Not Anticipated	-	226,660.74	226,660.74	-
TOTALS	\$ 7,728.06	\$ 5,624,744.57	\$ 5,627,176.22	\$ 5,296.41
Ref.	A			A

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
General Administration					
Salaries and Wages	\$ 18,651.28	\$ 18,651.28	\$ -	\$ 18,651.28	\$
Other Expenses	21,565.00	21,565.00	5,445.20	16,119.80	
Mayor and Council					
Salaries and Wages	2,124.15	2,124.15	-	2,124.15	
Other Expenses	566.18	566.18	415.22	150.96	
City Clerk					
Salaries and Wages	734.73	734.73	-	734.73	
Other Expenses	12,458.29	12,458.29	5,618.10	6,840.19	
Financial Administration					
Salaries and Wages	30,966.81	30,966.81	-	30,966.81	
Other Expenses	3,684.18	3,684.18	803.53	2,880.65	
Audit Services					
Other Expenses	1,000.00	1,000.00	-	1,000.00	
Assessment of Taxes					
Salaries and Wages	356.00	356.00	-	356.00	
Other Expenses	9,721.38	9,721.38	4,520.36	5,201.02	
Collection of Taxes					
Salaries and Wages	14,087.76	14,087.76	-	14,087.76	
Other Expenses	2,991.85	2,991.85	79.84	2,912.01	
Legal Services					
Miscellaneous Other Expenses	59,260.27	59,260.27	21,230.48	38,029.79	
Engineering Services					
Other Expenses	17,422.50	17,422.50	1,100.00	16,322.50	
Emergency Medical Services - Collection					
Contractual Expenses	5,408.26	5,408.26	1,305.06	4,103.20	
General Liability	18,818.10	18,818.10	-	18,818.10	
Workers Compensation Insurance	12,407.95	12,407.95	-	12,407.95	
Employee Group Health	214,923.86	214,923.86	159,679.39	55,244.47	

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Planning Board					
Salaries and Wages	\$ 2,480.00	\$ 2,480.00	\$ -	\$ 2,480.00	\$
Other Expenses	4,918.26	4,918.26	2,272.15	2,646.11	
Zoning Board of Adjustment					
Salaries and Wages	3,175.09	3,175.09	-	3,175.09	
Other Expenses	5,519.94	5,519.94	1,814.15	3,705.79	
Fire					
Salaries and Wages	48,989.78	48,989.78	40,376.72	8,613.06	
Other Expenses	3,775.79	3,775.79	1,182.13	2,593.66	
Police					
Salaries and Wages	64,348.62	64,348.62	-	64,348.62	
Other Expenses	18,112.96	18,112.96	14,772.52	3,340.44	
Emergency Management Services					
Salaries and Wages	634.56	634.56	-	634.56	
Other Expenses	3,520.65	3,520.65	56.14	3,464.51	
Parking and Traffic Maintenance					
Salaries and Wages	10,436.67	10,436.67	-	10,436.67	
Other Expenses	5,362.13	5,362.13	815.51	4,546.62	
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	5,594.35	5,594.35	-	5,594.35	
Other Expenses	8,431.55	8,431.55	3,541.67	4,889.88	
Public Defender					
Other Expenses	800.00	800.00	-	800.00	
Road Repair and Maintenance					
Salaries and Wages	7,855.52	7,855.52	-	7,855.52	
Other Expenses	12,125.55	12,125.55	12,125.55	-	

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Sanitary Landfill - Contractual					
Other Expenses	\$ 3,500.00	\$ 3,500.00	\$ 1,739.36	\$ 1,760.64	\$
Recycling					
Salaries and Wages	6,743.16	6,743.16	-	6,743.16	
Other Expenses	12,612.47	12,612.47	5,223.58	7,388.89	
Public Buildings and Grounds					
Salaries and Wages	25,727.15	25,727.15	-	25,727.15	
Other Expenses	48,625.86	48,625.86	45,634.86	2,991.00	
Shade Tree Commission					
Salaries and Wages	540.00	540.00	-	540.00	
Other Expenses	11,826.68	11,826.68	3,705.50	8,121.18	
Property Maintenance Enforcement					
Other Expenses	1,900.00	1,900.00	-	1,900.00	
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	990.00	990.00	-	990.00	
Other Expenses	5,130.00	5,130.00	23.20	5,106.80	
Civic Affairs					
Salaries and Wages	3,823.36	3,823.36	-	3,823.36	
Other Expenses	4,770.18	4,770.18	948.68	3,821.50	
Historic Preservation Commission					
Salaries and Wages	2,281.77	2,281.77	-	2,281.77	
Other Expenses	9,357.42	9,357.42	1,258.48	8,098.94	
Grants Coordinator					
Other Expenses	7,207.50	7,207.50	3,672.00	3,535.50	
State Uniform Construction Code					
Construction Official					
Salaries and Wages	11,753.01	11,753.01	-	11,753.01	
Other Expenses	4,344.52	4,344.52	665.29	3,679.23	

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

	<u>Balance</u> Dec. 31, 2010	<u>Balance</u> After Transfers	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Celebration of Public Events, Anniversary or Holiday	\$ 970.82	\$ 970.82	\$ -	\$ 970.82	\$ -
General Office Operations	17,562.80	17,562.80	7,289.05	10,273.75	-
Street Lighting	11,089.34	11,089.34	11,089.34	-	-
Gas Lighting	3,170.50	3,170.50	3,104.26	66.24	-
Gas Lighting - Parts	340.83	340.83	340.83	-	-
Contingent	1,000.00	1,000.00	-	1,000.00	-
Social Security System (O.A.S.I.)	4,773.83	4,773.83	-	4,773.83	-
Defined Contribution Retirement Program (DCRP)	2,000.00	2,000.00	-	2,000.00	-
Employee Group Health	112,000.00	112,000.00	-	112,000.00	-
Length of Service Award Program - Fire	25,000.00	25,000.00	20,128.00	4,872.00	-
Matching Funds for Grants	15,000.00	15,000.00	-	15,000.00	-
TOTALS	<u>\$ 1,013,471.17</u>	<u>\$ 1,013,471.17</u>	<u>\$ 381,976.15</u>	<u>\$ 631,495.02</u>	<u>\$ -</u>
Ref.	A				
Appropriation Reserves	\$ 730,276.90	Cash Disbursed	\$ 381,976.15		
Encumbrances Payable	283,194.27				
	<u>\$ 1,013,471.17</u>		<u>\$ 381,976.15</u>		

CITY OF CAPE MAY
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	Balance Dec. 31, 2010	Anticipated Revenues	Received	Cancelled	Balance Dec. 31, 2011
State:					
Housing Inspections	\$ 3,843.00	\$	\$	\$	\$ 3,843.00
NJDEP - Certified Local Government	17,448.00				17,448.00
Environmental Services Program	130.00				130.00
Green Communities Program	2,000.00				2,000.00
New Jersey Forest Service Grant (CSIP)	2,700.00				2,700.00
DEPE Harborview Wildlife Enhancement Grant	2,500.00				2,500.00
Green Communities 2010	3,000.00		3,000.00		-
2009 Business Stimulus Fund	7,000.00				7,000.00
DEP 2006 Historic Resource Survey #2	19,860.00				19,860.00
NJ Transportation Trust Fund - NJ Ave	32,821.93				32,821.93
NJ Dept Law & P S - Underage Drinking	2,365.94				2,365.94
Smart Growth Planning	2,000.00				2,000.00
Cape May County MUA	1,725.80				1,725.80
Smart Future Trust	40,000.00				40,000.00
NJ Trans Trust - 2006	928.07				928.07
NJ Trans Trust - 2007	3,587.72				3,587.72
NJ Trans Trust - 2008	35,000.00				35,000.00
NJ Highway Safety - Click It or Ticket	855.43				855.43
COPS in Shops	1,024.84				1,024.84
NJLPS COPS in Shops	2,000.00				2,000.00
NJ DEP- HPC Grant	-	30,000.00	30,000.00		-
Sustainable Jersey Small Cities	-	10,000.00	5,000.00		5,000.00
Clean Energy	-	15,827.00			15,827.00
Clean Air Cool Planet	-	2,500.00	2,500.00		-
Federal:					
Small Cities - Housing Rehabilitation	20,832.00				20,832.00
Small Cities - Public Facilities	2,650.00				2,650.00
Small Cities - Public Facilities - 1999	199,907.00				199,907.00
Other:					
None	-				-
TOTALS	\$ 404,179.73	\$ 58,327.00	\$ 40,500.00	\$ -	\$ 422,006.73
Ref.	A				A

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

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
State:					
Housing Inspections	\$ 11,404.00	\$ 12,993.00	\$ 24,397.00	\$	-
NJ Environmental Protection	2,346.90				2,346.90
Drunk Driving Enforcement	9,852.27	4,122.57	9,852.27		4,122.57
Body Armor Grant	3,167.36	2,374.56	5,541.92		-
Clean Communities	-	14,815.09	14,815.09		-
Recycling Tonnage	11,576.71	11,651.23	23,227.94		-
NJ Dept Law & Public Safety - Underage Drinking	1,574.69		1,574.69		-
Federal:					
None	-				-
Other:					
None	-				-
TOTALS	\$ 39,921.93	\$ 45,956.45	\$ 79,408.91	\$ -	\$ 6,469.47
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, 2010	<u>Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
State:					
Clean Communities	\$ 5,395.60	\$ 14,815.09	\$ 13,315.00	\$	\$ 6,895.69
New Jersey Forest Service Grant (CSIP)	115.51				115.51
Supplemental Fire Services Program	1,948.20				1,948.20
Solid Waste Management Grant	23,101.92	23,227.94	5,554.50		40,775.36
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
NJ Environmental Protection	306.90				306.90
Tree Planting Grant	117.65				117.65
Body Armor Grant	3,624.78	5,541.92	1,560.00		7,606.70
Coastal Planning Grant	10.00				10.00
Housing Inspections	16,025.00	24,397.00	1,638.00		38,784.00
Drunk Driving Enforcement	5,440.38	9,852.27	12,628.12		2,664.53
Alcohol Education and Rehabilitation	1,286.06				1,286.06
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				4,413.38
2009 Business Stimulus Fund	7,000.00				7,000.00
Enforcing Underage Drinking	6,469.50	1,574.69			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

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
NJ DEP- HPC Grant	\$ -	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -
Sustainable Jersey Small Cities	-	10,000.00			10,000.00
Clean Energy	-	15,827.00	15,827.00		-
Clean Air Cool Planet	-	2,500.00	2,500.00		-
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	13,092.17		1,054.23		12,037.94
TOTALS	\$ 433,123.71	\$ 137,735.91	\$ 84,076.85	\$ -	\$ 486,782.77
Ref.	A				A
		Cash Disbursed	\$ 81,576.85		
		Encumbered	2,500.00		
			<u>\$ 84,076.85</u>		

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

Balance December 31, 2010	<u>Ref.</u> B	\$	2,650.36
Increased By Receipts:			
Dog License Fees		\$	798.00
Late Fees			179.00
State License Fees			172.80
Interest Earned			6.28
			<u>1,156.08</u>
			3,806.44
Decreased By Disbursements:			
Paid to State of NJ			178.80
Statutory Excess Paid to Current Fund			1,240.44
Dog Fund Expenditures			4.20
			<u>1,423.44</u>
Balance December 31, 2011	B	\$	<u><u>2,383.00</u></u>

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

Balance December 31, 2010	<u>Ref.</u> B	\$ 1,912,563.21
Increased By Receipts:		
Unemployment Contributions	\$ 30,988.54	
Retirement Contributions	29,323.77	
Lifeguard Pensions	51,303.81	
Tax Premiums	101,518.38	
Police Forfeiture Account	3,184.63	
POAA Receipts	5,853.34	
Parking Escrow	36.56	
Fishermen's Memorial Account	1,004.26	
Police Off-Duty Account	5,869.69	
Recreation	299,986.69	
Neighborhood Revitalization	261.75	
Security Deposits	31,525.59	
DARE Receipts	1.10	
SCBG Loan	1,182.87	
Public Assistance	6.56	
Performance Bond	138,795.21	
Street Opening	31,214.77	
COAH	150,513.22	
Tourism Development	<u>68,675.92</u>	
		<u>951,246.66</u>
		2,863,809.87
Decreased By Disbursements:		
Retirement Fund	28,595.70	
Recreation Program	356,400.94	
Unemployment	32,278.61	
Tax Premiums	2,900.00	
POAA Disbursements	5,881.45	
Police Forfeiture Account	1,591.50	
Street Opening	16,450.00	
Lifeguard Pension	14,487.00	
Security Deposits	12,500.00	
DARE	178.65	
Performance Bond	47,186.54	
Police Off-Duty Account	720.00	
Fishermen's Memorial Account	800.00	
COAH	180.00	
Tourism Development	<u>112,581.60</u>	
		<u>632,731.99</u>
Balance December 31, 2011	B	<u>\$ 2,231,077.88</u>

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

Balance December 31, 2010	<u>Ref.</u> B		\$	2,644.36
Increased By:				
Dog Licenses Fees Collected		\$		798.00
Late Fees Collected				179.00
Interest Received				6.28
				983.28
				3,627.64
Decreased By:				
Animal Control Expenditures				4.20
Statutory Excess due to Current Fund				1,240.44
				1,244.64
Balance December 31, 2011	B		\$	2,383.00

License Fees Collected	<u>Year</u>			
	2009	1,340.85		
	2010	1,092.96		
			\$	2,433.81

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

Balance December 31, 2010	<u>Ref.</u> C		\$ 3,917,083.84
Increased By Receipts:			
Due to Current Fund		\$ 145,000.00	
Reserve for Open Space		222,000.00	
Bond Premium		81,029.91	
Bond Anticipation Notes		<u>10,415,000.00</u>	
			<u>10,863,029.91</u>
			14,780,113.75
Decreased By Disbursements:			
Improvement Authorizations		4,873,349.23	
Due from Current Fund		145,000.00	
Bond Anticipation Notes		<u>4,715,000.00</u>	
			<u>9,733,349.23</u>
Balance December 31, 2011	C		\$ <u><u>5,046,764.52</u></u>

**CITY OF CAPE MAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011		
	Balance Dec. 31, 2010	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To	
Fund Balance	\$ 26,835.37	\$	\$	81,029.91	\$	\$	\$	\$	107,865.28	
Capital Improvement Fund	191,250.00						75,000.00		116,250.00	
Reserve for Payment of Bonds	577,074.17								577,074.17	
Reserve for Open Space	1,610,569.00			222,000.00					1,832,569.00	
Reserves Other - Mall Improvements	15,564.35						18,988.75	15,000.00	11,575.60	
Reserves Other - Convention Hall	(3,988.75)							3,988.75	-	
Encumbrances Payable	926,322.82						926,322.82	5,909,720.41	5,909,720.41	
NJEIT Loan Receivable	(35,670.53)								(35,670.53)	
State Grant Receivable	(30,436.17)								(30,436.17)	
Due to Current Fund	-			145,000.00		145,000.00			-	
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	9,666.06			6,775.78				2,890.28	
1264	Property Acquisition	(1,568.62)			2,214.50				(3,783.12)	
1324	Property Acquisition	155,095.55			1,547.97		48,024.10	48,024.10	153,547.58	
01-2004	Various Capital Improvements	0.10							0.10	
28-2005	Various Capital Improvements	268,948.78			29,736.73		15,408.45	13,825.78	237,629.38	
72-2006	Entrance Way Improvements	1,070.94			2,864.70			2,864.70	1,070.94	
79-2006	Various Improvements	54,888.18			4,992.05		19,949.20	24,781.25	54,728.18	
104-2007	Washington Street Mall	(8,337.47)			3,687.50		87,796.66	87,796.66	(12,024.97)	
110-2007	Various Improvements	21,939.63							21,939.63	
113-2007	Harborview Park	1,294.80							1,294.80	
151-2008	Various Improvements	373,525.40			118,180.00			6,535.00	261,880.40	
161-2008	Convention Hall	(256,615.75)	5,000,000.00		3,813,192.90		5,293,164.12	48,287.01	(4,314,685.76)	
167-2008	Rotary Park	91,500.00							91,500.00	
180-2009	Various Improvements	71,649.28			(35,968.50)		37,119.00	945.00	71,443.78	
205-2010	Storm Water Collection	17,574.35							17,574.35	
206-2010	Various Improvements	(193,824.50)		400,000.00	727,300.37		7,398.96	678,263.32	149,739.49	
232-2011	Various Improvements	-		300,000.00	197,863.17		368,259.92	75,000.00	(191,123.09)	
235-2011	ADA Improvements	-			962.06		17,600.00		(18,562.06)	
		\$ 3,917,083.84	\$ -	\$ 5,700,000.00	\$ 448,029.91	\$ 4,873,349.23	\$ 145,000.00	\$ 6,915,031.98	\$ 6,915,031.98	\$ 5,046,764.52
Ref.	C									C

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

Balance December 31, 2010	<u>Ref.</u> C	\$ 191,250.00
Increased By:		
None	\$ -	
	<hr/>	<hr/>
		-
		<hr/>
		191,250.00
Decreased By:		
Improvement Authorizations Funded	75,000.00	
	<hr/>	
		<hr/>
		75,000.00
Balance December 31, 2011	C	<u>\$ 116,250.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2010	<u>Ref.</u> C	\$ 10,307,825.47
Increased By:		
None	\$ -	
	<hr/>	<hr/>
		-
		<hr/>
		10,307,825.47
Decreased By:		
Serial Bonds Paid	1,406,371.96	
Green Trust Loan Principal Paid	137,164.29	
NJEIT Bonds & Loans	15,910.76	
	<hr/>	
		<hr/>
		1,559,447.01
Balance December 31, 2011	C	<u>\$ 8,748,378.46</u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds and Loans Issued	Notes Paid by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
1261	Property Acquisition	\$ 300,000.00	\$	\$	\$	\$ 300,000.00	\$	\$	\$ 300,000.00
1264	Property Acquisition	15,985,000.00			15,000.00	15,970,000.00		3,783.12	15,966,216.88
1324	Property Acquisition	850,000.00				850,000.00	835,000.00		15,000.00
104-2007	Washington Street Mall	1,565,000.00			15,000.00	1,550,000.00	885,000.00	12,024.97	652,975.03
151-2008	Various Improvements	1,330,000.00			55,000.00	1,275,000.00	1,195,000.00		80,000.00
161-2008	Construction of New Convention Hall	10,500,000.00				10,500,000.00	5,000,000.00	4,314,685.76	1,185,314.24
180-2009	Various Improvements	950,000.00				950,000.00	850,000.00		100,000.00
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		275,000.00
232-2011	Various Improvements	-	1,425,000.00			1,425,000.00	300,000.00	191,123.09	933,876.91
235-2011	ADA Improvements	-	500,000.00			500,000.00		18,562.06	481,437.94
		<u>\$ 33,166,250.00</u>	<u>\$ 1,925,000.00</u>	<u>\$ -</u>	<u>\$ 85,000.00</u>	<u>\$ 35,006,250.00</u>	<u>\$ 10,415,000.00</u>	<u>\$ 4,540,179.00</u>	<u>\$ 20,051,071.00</u>
Ref.		C					C-9	C-3	C

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2011 Authorizations			Paid or Charged Cancelled	Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation	Other		Funded	Unfunded
1122	Various Improvements	0 4/1/1997	\$ 392,450.00	\$ 2,705.80	\$	\$	\$	\$	\$	2,705.80	\$
1153	Bus/Train Station	6/22/1998	600,000.00	30,051.05						30,051.05	
1261	Property Acquisition	5/21/2002	475,000.00	9,666.06	300,000.00			6,775.78		2,890.28	300,000.00
1264	Property Acquisition	# 6/18/2002	16,000,000.00		15,983,431.38			2,214.50			15,981,216.88
1324	Property Acquisition	2/17/2004	1,100,000.00	155,095.55	0.00			1,547.97		153,547.58	-
01-2004	Various Improvements	7/20/2004	1,000,000.00	0.10	-			-		0.10	-
28-2005	Various Improvements	5/17/2005	2,050,000.00	268,948.78	(0.00)			31,319.40		237,629.38	-
72-2006	Entrance Way Improvements	8/15/2006	280,000.00	1,070.94	-			-		1,070.94	-
79-2006	Various Improvements	10/17/2006	1,500,000.00	54,888.18	-			160.00		54,728.18	-
104-2007	Washington Street Mall	5/15/2007	3,500,000.00		656,662.53			3,687.50			652,975.03
110-2007	Various Improvements	6/19/2007	1,200,000.00	21,939.63	-					21,939.63	-
113-2007	Harborview Park	7/17/2007	102,109.00	1,294.80						1,294.80	-
151-2008	Various Improvements	5/20/2008	1,400,000.00	373,525.40	80,000.00			111,645.00		261,880.40	80,000.00
161-2008	Construction of a New Convention Hall	8/19/2008	10,500,000.00		10,243,384.25			9,058,070.01			1,185,314.24
167-2008	Rotary Park	1/6/2009	100,000.00	91,500.00						91,500.00	
180-2009	Various Improvements	5/19/2009	1,000,000.00	71,649.28	100,000.00			205.50		71,443.78	100,000.00
205-2010	Storm Water Collection	5/18/2010	275,000.00	17,574.35	61,250.00					17,574.35	61,250.00
206-2010	Various Improvements	6/15/2010	1,500,000.00		481,175.50					56,436.01	275,000.00
232-2011	Various Improvements	3/22/2011	1,500,000.00			75,000.00	1,425,000.00		566,123.09		933,876.91
235-2011	ADA Improvements	6/8/2011	500,000.00				500,000.00		18,562.06		481,437.94
				<u>\$ 1,099,909.92</u>	<u>\$ 27,905,903.66</u>	<u>\$ 75,000.00</u>	<u>\$ 1,925,000.00</u>	<u>\$ -</u>	<u>\$ 9,856,746.82</u>	<u>\$ 1,097,995.76</u>	<u>\$ 20,051,071.00</u>
		Ref.		C	C					C	C
									\$ 4,873,349.23	Cash Disbursed	
									(911,322.82)	Cancelled	
									<u>5,894,720.41</u>	Encumbered	
									<u>\$ 9,856,746.82</u>		

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		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011	
			Date	Amount						
Storm Drainage Bonds of 1981	1/23/1981	\$ 2,097,000	1/20/2012	\$ 80,190.56	5.000%	\$ 959,200.85		\$ 76,371.96	\$ 882,828.89	
			1/20/2013	84,200.08						
			1/20/2014	88,410.09						
			1/20/2015	92,830.59						
			1/20/2016	97,472.12						
			1/20/2017	102,345.73						
			1/20/2018	107,463.01						
			1/20/2019	112,836.16						
			1/20/2020	117,080.55						
			General Obligation Bonds of 2001	10/1/2001						3,250,000
10/1/2013	320,000.00	4.125%								

**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		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
General Obligation Bonds of 2004	11/1/2004	\$ 4,500,000	11/1/2012	\$ 500,000.00	3.250%	\$ 1,975,000.00		\$ 500,000.00	\$ 1,475,000.00
			11/1/2013	500,000.00	3.250%				
			11/1/2014	475,000.00	3.500%				
General Obligation Bonds of 2008	10/1/2008	6,340,000	10/1/2012	560,000.00	5.000%	5,575,000.00		520,000.00	5,055,000.00
			10/1/2013	610,000.00	5.000%				
			10/1/2014	640,000.00	5.000%				
			10/1/2015	645,000.00	5.000%				
			10/1/2016	650,000.00	5.000%				
			10/1/2017	650,000.00	5.000%				
			10/1/2018	650,000.00	5.000%				
			10/1/2019	650,000.00	4.000%				
						\$ 9,459,200.85	\$ -	\$ 1,406,371.96	\$ 8,052,828.89
Ref.						C			C

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

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>Date</u>	<u>Amount</u>					
Conservation Area Development	2/8/94	\$ 1,851,041.48	4/21/2012	\$ 61,973.84	2.000%	\$ 373,751.60	\$	\$ 122,112.95	\$ 251,638.65
			10/21/2012	62,593.58					
			4/21/2013	63,219.52					
			10/21/2013	63,851.71					
Harborview Park	11/3/2005	324,621.37			2.000%	260,477.10		15,051.34	245,425.76

This loan is paid semi annually. The amount for principal and interest is \$10,093.00. The loan ends on August 9, 2025

Ref.	\$ <u>634,228.70</u>	\$ <u>-</u>	\$ <u>137,164.29</u>	\$ <u>497,064.41</u>
	C			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, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Various Capital Improvements NJ-EIT	10/17/2001	\$ 61,250	8/1/2012	\$ 2,450.00	5.500%	\$ 41,650.00		\$ 2,450.00	\$ 39,200.00
			8/1/2013	2,450.00	5.500%				
			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%				

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, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Various Capital Improvements NJ-EIT	10/17/2001	\$ 63,933	2/1/2012	\$ 630.23	None	\$ 35,883.92	\$	\$ 2,922.70	\$ 32,961.22
			8/1/2012	2,205.81					
			2/1/2013	586.90					
			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 December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Various Capital Improvements NJ-EIT	10/17/2001	\$ 115,970	2/1/2012	\$ 1,126.81	None	\$ 63,362.00	\$	\$ 5,638.06	\$ 57,723.94
			8/1/2012	4,334.81					
			2/1/2013	1,038.59					
			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					

**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, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Various Capital Improvements NJ-EIT	10/17/2001	\$ 110,250	8/1/2012	\$ 4,900.00	5.500%	\$ 73,500.00	\$	\$ 4,900.00	\$ 68,600.00
			8/1/2013	4,900.00	5.500%				
			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.						
						C	C	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, 2010	Increased	Decreased	Balance Dec. 31, 2011
1324-2004	Convention Hall Improvements	10/9/2008	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	\$ 850,000.00	\$ 835,000.00	\$ 850,000.00	\$ - 835,000.00
104-2007	Washington Street Mall	10/9/2008	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	900,000.00	885,000.00	900,000.00	- 885,000.00
151-2008	Various Capital Improvements	10/9/2008	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	1,250,000.00	1,195,000.00	1,250,000.00	- 1,195,000.00
180-2009	Various Improvements	7/21/2010	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	850,000.00	850,000.00	850,000.00	- 850,000.00
205-2010	Storm Water Collection	7/21/2010	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	200,000.00	200,000.00	200,000.00	- 200,000.00
206-2010	Various Improvements	7/21/2010	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	750,000.00	1,150,000.00	750,000.00	- 1,150,000.00
232-2011	Various Improvements	7/20/2011	7/20/2011	7/20/2012	1.500%	-	300,000.00		300,000.00
161-2008	Convention Hall	7/20/2011	7/20/2011	7/20/2012	1.500%	-	5,000,000.00		5,000,000.00
						<u>\$ 4,800,000.00</u>	<u>\$ 10,415,000.00</u>	<u>\$ 4,800,000.00</u>	<u>\$ 10,415,000.00</u>
						Ref. C			
						Cash Receipts	\$ 5,700,000.00	\$ -	
						Budget Paydown	-	85,000.00	
						Notes Rolled Over	<u>4,715,000.00</u>	<u>4,715,000.00</u>	
							<u>10,415,000.00</u>	<u>4,800,000.00</u>	

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2011
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				665,000.00
151-2008	Various Improvements	80,000.00				80,000.00
161-2008	Construction of a New Convention Hall	10,500,000.00		5,000,000.00		5,500,000.00
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	675,000.00		400,000.00		275,000.00
232-2011	Various Improvements	-	1,425,000.00	300,000.00		1,125,000.00
235-2011	ADA Improvements	-	500,000.00			500,000.00
		<u>\$ 28,366,250.00</u>	<u>\$ 1,925,000.00</u>	<u>\$ 5,700,000.00</u>	<u>\$ -</u>	<u>\$ 24,591,250.00</u>
Ref.		C				C

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

	Ref.	Operating		Capital
Balance December 31, 2010	D	\$ 1,741,466.87		\$ 1,065,522.20
Increased by Receipts:				
Water and Sewer Rent Collected		\$ 6,004,636.65		\$ 20,000.00
Capital Improvement Fund				341,706.00
Reserve for Debt Service				60,075.84
Due to Utility Operating Fund				60,075.84
Due to Utility Capital Fund		60,075.84		
Due to Current Fund		6,516.86		
Bond Anticipation Note				5,385,000.00
NJFIT Loans				2,650,000.00
Bond Anticipation Note Proceeds				31,003.76
Miscellaneous Revenue		85,430.23		
		6,156,659.58		8,487,785.60
		7,898,126.45		9,553,307.80
Decreased by Disbursements:				
Current Appropriations		5,839,483.96		
Appropriation Reserves		30,217.83		
Encumbrances		116,392.41		
Reserve to Pay Bond Anticipation Notes				3,073,088.55
Improvement Authorizations				4,745,000.00
Bond Anticipation Note				60,075.84
Due to Utility Operating Fund				60,075.84
Due to Utility Capital Fund		60,075.84		
Due to Current Fund		6,516.86		
		6,052,686.90		7,878,164.39
Balance December 31, 2011	D	\$ <u>1,845,439.55</u>		\$ <u>1,675,143.41</u>

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

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011	
	Balance Dec. 31, 2010	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 121,980.16	\$	\$	31,003.76	\$	\$	\$	\$	152,983.92
Capital Improvement Fund	140,000.00			20,000.00					160,000.00
Due to Utility Operating	(97,782.30)			60,075.84		60,075.84			(97,782.30)
Reserve for Debt Service	104,061.10			341,706.00					445,767.10
Reserve for Amortization	300,000.00					10,000.00			290,000.00
NJEIT Loans Receivable	(37,126.47)								(37,126.47)
Encumbrances Payable	2,930,710.18						2,930,710.18	764,373.08	764,373.08
Improvement Authorizations									
Ord. Number									
1291 Various Utility Improvements	14,683.97						2,510.00	2,510.00	14,683.97
36-2005 Various Utility Improvements	(114,687.78)		100,000.00		88,263.23			72,279.22	(30,671.79)
61-2006 System Improvements	553.90						6,730.29	6,730.29	553.90
62-2006 System Improvements (USDA)	90,848.12				18,629.80		87,242.55	92,229.80	77,205.57
109-2007 System Improvements	11,163.24						7,000.00	7,000.00	11,163.24
149-2008 System Improvements	82,222.25				127,107.18		366.50		(45,251.43)
154-2008 System Improvements	(1,700,000.00)		1,700,000.00		1,786,261.83			1,800,440.35	14,178.52
155-2008 System Improvements	(600.00)				40,998.80		375,591.20		(417,190.00)
179-2009 System Improvements	18,495.83		200,000.00		93,520.52			87,520.52	212,495.83
207-2010 System Improvements	(799,000.00)		800,000.00		859,917.20			862,000.00	3,082.80
230-2011 System Improvements	-		500,000.00		58,389.99		284,932.54		156,677.47
	<u>\$ 1,065,522.20</u>	<u>\$ -</u>	<u>\$ 3,300,000.00</u>	<u>\$ 452,785.60</u>	<u>\$ 3,073,088.55</u>	<u>\$ 70,075.84</u>	<u>\$ 3,695,083.26</u>	<u>\$ 3,695,083.26</u>	<u>\$ 1,675,143.41</u>
Ref.	D								D

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

Balance December 31, 2010	<u>Ref.</u> D		\$	54,402.69
Increased By:				
Water and Sewer Rents Levied - Net		\$ 5,978,164.10		
				5,978,164.10
				6,032,566.79
Decreased By:				
Collections		6,004,636.65		
				6,004,636.65
Balance December 31, 2011	D		\$	27,930.14

SCHEDULE OF UTILITY LIENS

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

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

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 92,068.45	\$ 92,068.45	\$	\$ 92,068.45	\$
Other Expenses	399,282.96	399,282.96	146,610.24	252,672.72	
Social Security System	<u>4,972.73</u>	<u>4,972.73</u>		<u>4,972.73</u>	
TOTALS	<u>\$ 496,324.14</u>	<u>\$ 496,324.14</u>	<u>\$ 146,610.24</u>	<u>\$ 349,713.90</u>	<u>\$ -</u>
Ref.	D			D-1	
Appropriation Reserves	\$ 379,931.73		\$ 146,610.24		
Encumbrances Payable	<u>116,392.41</u>				
	<u>\$ 496,324.14</u>		<u>\$ 146,610.24</u>		

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

Balance December 31, 2010	<u>Ref.</u> D		\$	140,000.00
Increased By:				
Budget Appopriation		\$		20,000.00
				20,000.00
				160,000.00
Decreased By:				
None				-
				-
Balance December 31, 2011	D		\$	160,000.00

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

Balance December 31, 2010	<u>Ref.</u> D		\$	133,469.74
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$		76,172.67
Interest on Notes				26,566.67
USDA Rural Development and NJFIT Bonds				<u>42,420.07</u>
				<u>145,159.41</u>
				278,629.15
Decreased By:				
Interest Paid on Bonds				85,573.23
Interest Paid on Notes				20,939.17
USDA Rural Development and NJFIT Bond Payments				<u>26,957.34</u>
				<u>133,469.74</u>
Balance December 31, 2011	D		\$	<u><u>145,159.41</u></u>

Analysis of Accrued Interest December 31, 2011

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days	Amount
\$ 690,000.00	Var.	11/1/2010	12/31/2011	426	\$ 3,837.50
801,196.79	5.00%	7/20/2010	12/31/2011	530	18,360.76
70,105.00	5.00%	12/24/2010	12/31/2011	373	68.16
2,740,000.00	3.00%	10/1/2010	12/31/2011	457	50,250.00
360,000.00	3.50%	10/1/2010	12/31/2011	457	3,656.25
2,102,212.24	4.50%	12/15/2010	12/31/2011	382	3,941.65
1,149,722.50	4.50%	12/15/2010	12/31/2011	382	13,573.11
1,250,000.00	3.75%	2/1/2010	12/31/2011	699	7,812.50
1,400,000.00	3.75%	2/1/2010	12/31/2011	699	8,750.00
320,000.00	Var.	10/15/2010	12/31/2011	443	6,000.00
242,105.01	0.00%	8/1/2010	12/31/2011	518	-
40,800.00	5.00%	10/17/2010	12/31/2011	441	850.00
34,306.58	0.00%	10/17/2010	12/31/2011	441	-
71,400.00	5.00%	10/17/2010	12/31/2011	441	1,492.81
60,080.03	0.00%	10/17/2010	12/31/2011	441	-
3,985,000.00	Var.	BANS			26,566.67
<u>\$ 15,316,928.15</u>					<u>\$ 145,159.41</u>

**CITY OF CAPE MAY
WATER AND SEWER UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2011 Authorizations				Balance December 31, 2011		
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Other	Paid or Charged	Cancelled	Funded	Unfunded
1291	Various Utility Improvements	4/14/2003	\$ 550,000	\$ 14,683.97	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,683.97	\$ -
36-2005	Various Utility Improvements	6/21/2005	2,000,000		101,848.22				15,984.01			85,864.21
61-2006	Various Utility Improvements	5/16/2006	1,000,000	553.90	-				-		553.90	-
62-2006	Various Utility Improvements	5/16/2006	1,500,000	90,848.12	-				13,642.55		77,205.57	-
109-2007	System Improvements	6/19/2007	1,000,000	11,163.24	-				-		11,163.24	-
149-2008	System Improvements	5/20/2008	1,000,000	82,222.25	100,000.00				127,473.68		-	54,748.57
154-2008	System Improvements	6/17/2008	2,000,000		-				(14,178.52)		14,178.52	0.00
155-2008	System Improvements	6/17/2008	2,100,000		2,099,400.00				416,590.00			1,682,810.00
179-2009	System Improvements	5/19/2009	900,000	18,495.83	400,000.00				6,000.00		212,495.83	200,000.00
207-2010	System Improvements	6/15/2010	1,000,000		101,000.00				(2,082.80)		3,082.80	100,000.00
230-2011	System Improvements	3/22/2011	1,350,000	-	-		1,350,000.00		343,322.53		156,677.47	850,000.00
				<u>\$ 217,967.31</u>	<u>\$ 2,802,248.22</u>	<u>\$ -</u>	<u>\$ 1,350,000.00</u>	<u>\$ -</u>	<u>\$ 906,751.45</u>	<u>\$ -</u>	<u>\$ 490,041.30</u>	<u>\$ 2,973,422.78</u>
				Ref. D	D						D	D
									Cash Disbursed	\$ 3,073,088.55		
									Encumbered	(2,166,337.10)		
										<u>\$ 906,751.45</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 December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011								
			Date	Amount													
System Improvements	1/20/1981	\$ 1,903,000	1/20/2012	\$ 72,769.16	5.000%	\$ 870,500.75		\$ 69,303.96	\$ 801,196.79								
			1/20/2013	76,407.62													
			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	6/24/2012	4,945.00	5.000%	74,815.00		4,710.00	70,105.00
6/24/2013	5,190.00																
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																
6/24/2021	7,670.00																
6/24/2022	7,920.00																
Utility Bonds of 2001	10/1/2001	1,540,000			10/1/2012	180,000.00	4.000%	520,000.00			160,000.00	360,000.00					
					10/1/2013	180,000.00											

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 December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
General Improvement Bonds	11/1/2004	\$ 1,970,000.00	11/1/2012	\$ 220,000.00	3.25%	\$ 910,000.00	\$	\$ 220,000.00	\$ 690,000.00
			11/1/2013	230,000.00	3.25%				
			11/1/2014	240,000.00	3.50%				
Various Capital Improvements	11/1/2008	3,630,000.00	10/1/2012	330,000.00	5.00%	3,050,000.00		310,000.00	2,740,000.00
			10/1/2013	340,000.00	5.00%				
			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%				
						\$ 5,425,315.75	\$ -	\$ 764,013.96	\$ 4,661,301.79
Ref.						D			D

**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	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Water Desalination USDA-FmHA	12/15/1998	\$ 2,500,000	2012	\$ 41,208.89	4.500%	\$ 2,141,627.49	\$	\$ 39,415.25	\$ 2,102,212.24
			2013	43,084.15					
			2014	45,044.75					
			2015	47,094.56					
			2016	49,237.66					
			2017	51,478.29					
			2018	53,820.87					
			2019	56,270.06					
			2020	58,830.70					
			2021	61,507.86					
			2022	64,306.86					
			2023	67,233.22					
			2024	70,292.75					
			2025	73,491.50					
			2026	76,835.83					
			2027	80,332.35					
			2028	83,987.98					
			2029	87,809.94					
			2030	91,805.84					
			2031	95,983.58					
			2032	100,351.44					
			2033	104,918.06					
			2034	109,692.48					
			2035	114,684.18					
			2036	119,903.02					
			2037	125,359.36					
			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 December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Water Desalination NJ-EIT	10/15/1998	\$ 690,000	8/1/2012	\$ 40,000.00	Var.	\$ 360,000.00	\$	\$ 40,000.00	\$ 320,000.00
			8/1/2013	40,000.00					
			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	2012	34,652.38	None	277,903.97		35,798.96	242,105.01
			2013	33,505.79					
			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					
8/1/2013	2,550.00	5.500%							
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 December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
NJ-EIT	10/17/2001	\$ 66,542	2012	\$ 2,951.80	None	\$ 37,348.57	\$	\$	34,306.58
			2013	2,861.60					
			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					
			System Improvements NJ-EIT	10/17/2001					
			8/1/2013	5,100.00	5.500%				
			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%				
System Improvements NJ-EIT	10/17/2001	120,704	2012	5,684.54	None	65,948.21			60,080.03
			2013	5,500.90					
			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					

**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	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
System Improvements USDA	10/12/2007	\$ 1,200,000	4/12/12	\$ 6,900.40	4.250%	\$ 1,163,095.53	\$	\$ 13,373.03	\$ 1,149,722.50
			10/12/12	7,047.03	4.250%				
			4/12/13	7,196.78	4.250%				
			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 Outstanding		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
System Improvements USDA	10/12/2007	\$ 1,200,000	4/12/28	\$ 13,523.85	4.250%	\$	\$	\$	
			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	29,366.38	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 Outstanding		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
System Improvements USDA	10/27/2011	\$ 1,250,000	4/27/12	\$ 13,853.67	3.750%	\$ -	\$ 1,250,000.00	\$	\$ 1,250,000.00
			4/27/13	14,378.06	3.750%				
			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	26,053.38	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 Outstanding		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
System Improvements USDA	10/27/2011	\$ 1,400,000	4/27/12	\$ 15,516.11	3.750%	\$ -	\$ 1,400,000.00	\$ -	\$ 1,400,000.00
			4/27/13	16,103.42	3.750%				
			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%				
						\$ 4,165,773.77	\$ 2,650,000.00	\$ 145,147.41	\$ 6,670,626.36
						Ref. D			D

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, 2010	Increased	Decreased	Balance Dec. 31, 2011
62-2006	Various Utility Improvements	10/12/2007	7/21/2010	7/21/2011	1.670%	\$ 1,283,500.00		\$ 1,283,500.00	\$ -
			7/21/2010	7/21/2011	1.250%	200,000.00		200,000.00	-
			7/20/2011	7/20/2012	1.500%		200,000.00		200,000.00
149-2008	Various Utility Improvements	7/23/2008	7/21/2010	7/21/2011	1.250%	900,000.00		900,000.00	-
			7/20/2011	7/20/2012	1.500%		885,000.00		885,000.00
36-2005	Various Utility Improvements	7/21/2010	7/21/2010	7/21/2011	1.250%	100,000.00		100,000.00	-
			7/20/2011	7/20/2012	1.500%		200,000.00		200,000.00
154-2008	System Improvements	7/21/2010	7/21/2010	7/21/2011	1.250%	300,000.00		300,000.00	-
			7/20/2011	7/20/2012	1.500%		600,000.00		600,000.00
179-2009	System Improvements	7/21/2010	7/21/2010	7/21/2011	1.250%	500,000.00		500,000.00	-
			7/20/2011	7/20/2012	1.500%		700,000.00		700,000.00
207-2010	System Improvements	7/21/2010	7/21/2010	7/21/2011	1.250%	100,000.00		100,000.00	-
			7/20/2011	7/20/2012	1.500%		900,000.00		900,000.00
230-2011	System Improvements	7/20/2011	7/20/2011	7/20/2012	1.500%	-	500,000.00		500,000.00
						<u>\$ 3,383,500.00</u>	<u>\$ 3,985,000.00</u>	<u>\$ 3,383,500.00</u>	<u>\$ 3,985,000.00</u>
						Ref. D			D
						Cash Receipts	\$ 1,900,000.00	\$ 1,283,500.00	
						Notes Paid (Budget Appropriation)	-	15,000.00	
						Notes Rolled Over	2,085,000.00	2,085,000.00	
						<u>\$ 3,985,000.00</u>	<u>\$ 3,383,500.00</u>		

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, 2010	2011 Authorizations	Bonds, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2011
36-2005	Various Utility Improvements	\$ 216,536.00	\$	\$ 100,000.00	\$	\$ 116,536.00
149-2008	System Improvements	(200,000.00)				(200,000.00)
154-2008	System Improvements	1,700,000.00		1,700,000.00		-
155-2008	System Improvements	2,100,000.00				2,100,000.00
179-2009	System Improvements	400,000.00		200,000.00		200,000.00
207-2010	System Improvements	900,000.00		800,000.00		100,000.00
230-2011	System Improvements	-	1,350,000.00	500,000.00		850,000.00
		<u>\$ 5,116,536.00</u>	<u>\$ 1,350,000.00</u>	<u>\$ 3,300,000.00</u>	<u>\$ -</u>	<u>\$ 3,166,536.00</u>
	Ref.	D				D

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

	Ref.	Operating		Capital
Balance December 31, 2010	E	\$ 529,016.16		\$ 920,766.70
Increased by Receipts:				
Beach Rent Collected		\$ 2,030,746.94		\$
Reimbursements		64,653.00		
Bond Premium				15,132.33
BANS				1,945,000.00
Due to Beach Operating				787,262.49
Reserve for Debt Service		654,143.00		
Capital Improvement Fund				100,000.00
Miscellaneous Revenue Not Anticipated		11,366.14		
		<u>2,760,909.08</u>		<u>2,847,394.82</u>
		3,289,925.24		3,768,161.52
Decreased by Disbursements:				
Current Appropriations		2,748,858.53		
Due to Beach Operating				787,262.49
Appropriation Reserves		18,828.57		
Reserve for Debt Service				654,143.00
BANS				1,745,000.00
Improvement Authorizations				206,067.60
		<u>2,767,687.10</u>		<u>3,392,473.09</u>
Balance December 31, 2011	E	\$ <u><u>522,238.14</u></u>		\$ <u><u>375,688.43</u></u>

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

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011	
	Balance Dec. 31, 2010	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 21,388.43	\$	\$	15,132.33	\$	\$		\$	\$ 36,520.76
Capital Improvement Fund	14,000.00			100,000.00			100,000.00		14,000.00
Reserve for Amortization	174,000.00								174,000.00
Reserve for Debt Service	654,143.00					654,143.00			-
Encumbrances Payable	-							10,091.90	10,091.90
Improvement Authorizations									
Ord.									
<u>Number</u>									
29-2005 Various Utility Improvements	(49,859.33)				16,489.09				(66,348.42)
63-2006 Various Utility Improvements	(32,111.88)								(32,111.88)
108-2007 Various Utility Improvements	(15,817.33)				39,054.43				(54,871.76)
150-2008 Various Utility Improvements	35,884.64						160.00		35,724.64
178-2009 Various Beach Utility Improvements	6,353.87				7,537.60				(1,183.73)
188-2009 ADA Phase II	10,606.90						9,931.90		675.00
208-2010 Various Utility Improvements	111,986.00				56,476.00				55,510.00
215-2010 Beach Replenishment	(9,807.60)		50,000.00		40,192.40				(0.00)
231-2011 Various Utility Improvements	-		150,000.00		18,782.50				131,217.50
236-2011 Beach Replenishment	-				27,535.58			100,000.00	72,464.42
	\$ <u>920,766.70</u>	\$ <u>-</u>	\$ <u>200,000.00</u>	\$ <u>115,132.33</u>	\$ <u>206,067.60</u>	\$ <u>654,143.00</u>	\$ <u>110,091.90</u>	\$ <u>110,091.90</u>	\$ <u>375,688.43</u>
Ref.	E								E

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 46,551.32	\$ 46,551.32	\$	\$ 46,551.32	\$
Other Expenses	37,506.50	37,506.50	18,828.57	18,677.93	
Social Security System	13,311.80	13,311.80		13,311.80	
TOTALS	<u>\$ 97,369.62</u>	<u>\$ 97,369.62</u>	<u>\$ 18,828.57</u>	<u>\$ 78,541.05</u>	<u>\$ -</u>
Ref.	E			E-1	
Appropriation Reserves	\$ 82,849.14		\$ 18,828.57		
Encumbrances Payable	14,520.48				
	<u>\$ 97,369.62</u>		<u>\$ 18,828.57</u>		

-

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

Balance December 31, 2010	<u>Ref.</u> E		\$	14,000.00
Increased By:				
Budget Appropriation		\$ 100,000.00		
				100,000.00
				114,000.00
Decreased By:				
Improvement Authorizations Funded		100,000.00		
				100,000.00
Balance December 31, 2011	E		\$	14,000.00

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

Balance December 31, 2010	<u>Ref.</u> E		\$	11,723.44
Increased By:				
Budget Appropriation:				
Interest on Notes		\$		10,940.63
				10,940.63
				22,664.07
Decreased By:				
Interest Paid on Notes				11,723.44
				11,723.44
Balance December 31, 2011	E		\$	10,940.63

Analysis of Accrued Interest December 31, 2011

	Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days		Amount
\$	550,000.00	1.50%	7/22/2011	12/31/2011	162	\$	3,093.75
	450,000.00	1.50%	7/22/2011	12/31/2011	162		2,531.25
	100,000.00	1.50%	7/22/2011	12/31/2011	162		562.50
	237,000.00	1.50%	7/22/2011	12/31/2011	162		1,333.13
	120,000.00	1.50%	7/22/2011	12/31/2011	162		675.00
	128,000.00	1.50%	7/22/2011	12/31/2011	162		720.00
	160,000.00	1.50%	7/22/2011	12/31/2011	162		900.00
	50,000.00	1.50%	7/22/2011	12/31/2011	162		281.25
	150,000.00	1.50%	7/22/2011	12/31/2011	162		843.75
	<u>\$ 1,945,000.00</u>					\$	<u>10,940.63</u>

**CITY OF CAPE MAY
BEACH UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2011 Authorizations			Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Other		Funded	Unfunded
29-2005	Various Utility Improvements	5/17/2005	\$ 724,000	\$	\$ 46,940.67	\$	\$	\$	\$ 16,489.09	\$	\$ 30,451.58
63-2006	Various Utility Improvements	5/16/2006	510,000		2,888.12						2,888.12
108-2007	Various Utility Improvements	6/19/2007	180,000		39,182.67				39,054.43		128.24
150-2008	Various Utility Improvements	5/20/2008	630,000	35,884.64	-				160.00	35,724.64	-
178-2009	Various Beach Utility Improvements	5/19/2009	175,000	6,353.87	55,000.00				7,537.60	-	53,816.27
188-2009	ADA Phase II	9/15/2009	400,000	10,606.90	(0.00)				9,931.90	675.00	(0.00)
208-2010	Various Utility Improvements	6/15/2010	215,000	111,986.00	55,000.00				56,476.00	55,510.00	55,000.00
215-2010	Beach Replenishment	11/3/2010	200,000		40,192.40				40,192.40		(0.00)
231-2011	Various Utility Improvements	3/22/2011	200,000				200,000.00		18,782.50	131,217.50	50,000.00
236-2011	Beach Replenishment	7/5/2011	300,000			100,000.00	200,000.00		27,535.58	72,464.42	200,000.00
				<u>\$ 164,831.41</u>	<u>\$ 239,203.86</u>	<u>\$ 100,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ -</u>	<u>\$ 216,159.50</u>	<u>\$ 295,591.56</u>	<u>\$ 392,284.21</u>
Ref.				E	E					E	E
									Cash Disbursed	\$ 206,067.60	
									Encumbered	10,091.90	
										<u>\$ 216,159.50</u>	

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, 2010	Increased	Decreased	Balance Dec. 31, 2011
29-2005	Various Utility Improvements	7/21/2010 7/20/2011	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	\$ 591,000.00	\$ 550,000.00	\$ 591,000.00	\$ - 550,000.00
63-2006	Various Utility Improvements	7/21/2010 7/20/2011	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	475,000.00	450,000.00	475,000.00	- 450,000.00
108-2007	Various Utility Improvements	7/21/2010 7/20/2011	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	125,000.00	100,000.00	125,000.00	- 100,000.00
150-2008	Various Utility Improvements	7/21/2010 7/20/2011	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	630,000.00	237,000.00	630,000.00	- 237,000.00
178-2009	Various Beach Utility Improvermer	7/21/2010 7/20/2011	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 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	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	400,000.00	128,000.00	400,000.00	- 128,000.00
208-2010	Various Utility Improvements	7/21/2010 7/20/2011	7/21/2010 7/20/2011	7/21/2011 7/20/2012	1.250% 1.500%	160,000.00	160,000.00	160,000.00	- 160,000.00
215-2010	Beach Replenishment	7/20/2011	7/20/2011	7/20/2012	1.500%	-	50,000.00		50,000.00
231-2011	Various Utility Improvements	7/20/2011	7/20/2011	7/20/2012	1.500%	-	150,000.00		150,000.00
						\$ 2,501,000.00	\$ 1,945,000.00	\$ 2,501,000.00	\$ 1,945,000.00
						Ref.	E		E
							Cash Receipts \$ 200,000.00	\$ -	
							Notes Paid (Budget Appropriation) -	756,000.00	
							Notes Rolled Over 1,745,000.00	1,745,000.00	
						\$ 1,945,000.00	\$ 2,501,000.00		

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2011
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
215-2010	Beach Replenishment	50,000.00		50,000.00		-
231-2011	Various Utility Improvements	-	200,000.00	150,000.00		50,000.00
236-2011	Beach Replenishment	-	200,000.00			200,000.00
		<u>\$ 172,800.00</u>	<u>\$ 400,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ -</u>	<u>\$ 372,800.00</u>
Ref.		E				E

CITY OF CAPE MAY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2011

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OCEAN CITY, NJ • 08226-0538
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS – REGULATORY BASIS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements – regulatory basis of the City of Cape May, State of New Jersey (the “City”), as of and for the year ended December 31, 2011, and have issued our report thereon dated October 22, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cape May's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division, which are described in the accompanying schedule of findings and responses as items 2011-1 and 2011-2.

We noted certain matters that we reported to management of the City of Cape May in a separate letter dated October 22, 2012.

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

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

Leon P. Costello

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

October 22, 2012

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting” dated October 22, 2012.**

Internal control over financial reporting:

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

Noncompliance material to the financial Statements noted? No

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

In accordance with Government Auditing Standards, our audit disclosed two findings relating to the financial statements – regulatory basis that are required to be reported. These findings are located on page 117 of this report. In addition, we have issued a Management Letter.

MANAGEMENT RESPONSES

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

STATUS OF PRIOR YEAR FINDINGS

There were two prior year findings. Both findings were corrected during the 2011.

CITY OF CAPE MAY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2010, the bid threshold was \$26,000.

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

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

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

- Supply of Parking Meters
- Beach Concessions
- Beach Tractor
- Heavy-duty Trailer
- 2011 Police Vehicle
- Lease of Convention Hall Retail Stores
- Lease of Broadway Pavilion

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

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

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

CITY OF CAPE MAY

GENERAL COMMENTS (CONTINUED)

Delinquent Taxes and Tax Title Liens

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

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

<u>Year</u>	<u>Number</u>
2011	2
2010	2
2009	2

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 and 2012 Taxes	25
Delinquent Taxes	25
Payment of Water and Sewer Rents	25
Delinquent Water and Sewer Rents	25
Total	<u>100</u>

Deposit of Municipal Funds

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

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

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

Our examination revealed that municipal funds were deposited within the mandated time.

CITY OF CAPE MAY

FINDINGS AND RECOMMENDATIONS

Finding #1:

The City's 2011 audit report was not timely filed due to records not being readily available for audit.

Criteria:

New Jersey municipalities are required to file an annual audit within six months after the close of its fiscal year under New Jersey Statutes 40A: 5-4.

Condition:

Records were not timely maintained.

Cause:

Records were not timely maintained.

Effect:

The 2011 audit could not be filed on time as required by State Statutes.

Recommendation:

We recommend that records be maintained throughout the year so that information is readily available for audit.

Finding #2:

The City's fixed asset listing was not properly maintained during the year. Several assets have not been added to the listing.

Criteria:

State Technical Accounting Directive No. 2 as issued by the Division of Local Government Services requires all local government units to have and maintain a fixed assets accounting and reporting system.

Condition:

The City bought and disposed of assets throughout the years without adding or deleting them from the City's fixed asset listing.

Cause:

The City's Fixed Assets were not properly monitored during the year.

Effect:

The City was not in compliance with State Technical Accounting Directive No. 2.

Recommendation:

We recommend that the City conduct a complete fixed asset inventory to ensure that fixed assets are being tagged, recorded, disposed of and maintained properly.

CITY OF CAPE MAY

Should any questions arise as to my comments, please do not hesitate to call me.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS

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October 22, 2012