

**CITY OF CAPE MAY  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2013**

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**CITY OF CAPE MAY**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Cape May, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Cape May as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2014 on our consideration of the City of Cape May's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cape May's internal control over financial reporting and compliance.

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

*Leon P. Costello*

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

**July 14, 2014**

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**EXHIBIT - A  
CURRENT FUND**



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Treasurer	\$ 5,960,392.28	5,557,757.37
Change	1,200.00	1,200.00
Total Cash	<u>5,961,592.28</u>	<u>5,558,957.37</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	255,676.67	311,974.83
Tax Title and Other Liens	5,916.74	80,232.68
Property Acquired for Taxes - at Assessed Valuation	83,316.00	83,316.00
Revenue Accounts Receivable	7,073.10	3,336.57
Interfund Receivable:		
TTL Premium	-	42.61
Animal Control	881.48	14.50
Total Receivables and Other Assets	<u>352,863.99</u>	<u>478,917.19</u>
Deferred Charges:		
Special Emergency Appropriation	-	95,000.00
Total Deferred Charges	<u>-</u>	<u>95,000.00</u>
Total Regular Fund	<u>6,314,456.27</u>	<u>6,132,874.56</u>
Federal and State Grant Fund:		
Cash	2,703.77	2,702.38
Federal and State Grants Receivable	449,177.73	424,178.73
Due from Current Fund	109,638.95	129,010.06
Revolving Loan Receivable	600,000.00	600,000.00
Total Federal and State Grant Fund	<u>1,161,520.45</u>	<u>1,155,891.17</u>
Total Current Fund	<u>\$ 7,475,976.72</u>	<u>7,288,765.73</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 946,037.82	837,169.35
Reserve for Encumbrances/Accounts Payable	289,506.51	288,906.36
Prepaid Taxes	478,100.57	496,648.16
Overpaid Taxes	3,230.04	14,549.46
Local School Tax Payable	(3.20)	(4.24)
Regional School Tax Payable	(0.07)	(0.08)
County Added Tax Payable	6,492.84	9,622.18
Due to State:		
Marriage Licenses	825.00	625.00
DCA Training Fees	4,213.00	4,116.00
Chapter 20 P.L. 1971	944.85	4,597.43
Interfund Payable:		
Tourism Commission	200.00	11,926.45
Federal and State Grant Funds	109,638.95	129,010.06
Trusts Other	302,215.21	-
Utility Operating	1,603.06	-
General Capital	31.00	-
Tourism Operating	6,767.45	-
Other:		
Payroll Taxes Payable	34,686.27	24,089.88
Tax Title Lien Exchange	20,880.74	1,482.58
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
Due to Performance Bond	29,113.80	-
Reserve for Payment of Bonds and Coupons	15,080.51	15,080.51
Reserve for Escrow Deposits	120,550.16	137,732.51
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
	2,467,780.79	2,073,217.89
Reserve for Receivables and Other Assets	352,863.99	478,917.19
Fund Balance	3,493,811.49	3,580,739.48
Total Regular Fund	6,314,456.27	6,132,874.56
Federal and State Grant Fund:		
Unappropriated Reserves	14,752.93	12,668.42
Appropriated Reserves	546,767.52	543,222.75
Reserve for Revolving Loans Receivable	600,000.00	600,000.00
Total Federal and State Grant Fund	1,161,520.45	1,155,891.17
Total Current Fund	\$ 7,475,976.72	7,288,765.73

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 2,100,000.00	2,050,000.00
Miscellaneous Revenue Anticipated	5,497,586.82	5,548,119.76
Receipts from Delinquent Taxes	366,435.08	371,805.35
Receipts from Current Taxes	23,156,312.90	22,802,192.10
Non Budget Revenue	238,546.72	264,993.28
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	660,357.21	706,433.73
Interfund Returned	42.61	-
Total Income	32,019,281.34	31,743,544.22
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,554,771.00	5,628,899.00
Other Expenses	4,470,904.00	4,218,649.00
Deferred Charges & Statutory Expenditures	1,495,355.00	1,406,011.50
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	692,879.00	672,696.00
Other Expenses	208,962.17	258,285.50
Capital Improvements	282,000.00	257,000.00
Debt Service	2,352,437.29	2,235,072.60
Deferred Charges	95,000.00	95,000.00
Local District School Tax	1,498,761.00	1,483,921.00
Regional District School Tax	6,472,549.36	6,376,628.61
County Tax	6,874,480.69	6,727,311.09
County Share of Added Tax	6,492.84	9,622.18
Interfund Created	866.98	38.73
Refund of Prior Year's Revenue	750.00	289.04
Total Expenditures	30,006,209.33	29,369,424.25
Excess/(Deficit) in Revenue	2,013,072.01	2,374,119.97

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

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	2,013,072.01	2,374,119.97
Fund Balance January 1	3,580,739.48	3,256,619.51
	5,593,811.49	5,630,739.48
Decreased by:		
Utilization as Anticipated Revenue	2,100,000.00	2,050,000.00
Fund Balance December 31	\$ 3,493,811.49	3,580,739.48

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
		Realized	
Fund Balance Anticipated	\$ 2,100,000.00	2,100,000.00	-
Total Fund Balance Anticipated	2,100,000.00	2,100,000.00	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	55,000.00	55,940.00	940.00
Other	305,000.00	311,934.19	6,934.19
Fees and Permits	160,000.00	187,334.30	27,334.30
Fines and Costs:			
Municipal Court	217,000.00	219,724.91	2,724.91
Interest and Costs on Taxes	70,000.00	103,773.01	33,773.01
Interest Earned on Investments	5,000.00	4,821.99	(178.01)
Parking Meters	975,000.00	1,055,978.91	80,978.91
Hotel Room Tax	1,000,000.00	1,144,440.00	144,440.00
Lease and Rent Contracts	465,000.00	493,737.35	28,737.35
T.V. Cable Receipts	36,000.00	36,478.53	478.53
Victorian Towers - In Lieu of Taxes	145,000.00	159,107.50	14,107.50
Emergency Medical Services	305,000.00	324,659.66	19,659.66
Total Section A: Local Revenues	3,738,000.00	4,097,930.35	359,930.35
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	337,632.00	337,632.00	-
Total Section B: State Aid Without Offsetting Appropriations	337,632.00	337,632.00	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	175,000.00	238,258.00	63,258.00
Total Section C: Uniform Construction Code Fees	175,000.00	238,258.00	63,258.00
Section D: Interlocal Municipal Service Agreements			
Interlocal Agreement with West Cape May (Police Protection)	431,885.00	431,884.80	(0.20)
Interlocal Agreement with Cape May Point (Police Protection)	260,994.00	260,993.50	(0.50)
Total Section D: Interlocal Municipal Service Agreements	692,879.00	692,878.30	(0.70)

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87 Realized	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	10,321.52	10,321.52	-
Bureau of Housing Inspection		11,192.00	-
DEP 2013 Historic Resource Survey #4		24,999.00	-
Clean Communities		17,110.65	-
Total Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations	10,321.52	63,623.17	-
Section G: Other Special Items			
Water & Sewer Utility Contribution to Street Improvements	50,000.00	50,000.00	-
Beach Utility - Debt Service Reimbursement (existing debt)	17,265.00	17,265.00	-
Total Section G: Other Special Items	67,265.00	67,265.00	-
Total Miscellaneous Revenues:	5,021,097.52	5,497,586.82	423,187.65
Receipts from Delinquent Taxes	332,000.00	366,435.08	34,435.08
Amount to be Raised by Taxes for Support of Municipal Budget	8,648,091.86	9,461,587.23	813,495.37
Local Tax for Municipal Purposes	8,648,091.86	9,461,587.23	813,495.37
Total Amount to be Raised by Taxes for Support of Municipal Budget	16,101,189.38	17,425,609.13	1,271,118.10
Budget Totals			
Non- Budget Revenues:			
Other Non- Budget Revenues:		238,546.72	238,546.72
	\$ 16,101,189.38	17,664,155.85	1,509,664.82

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	23,156,312.90
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Less: Reserve for Tax Appeals Pending	-
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Net Revenue from Collections	23,156,312.90
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Allocated to:

School, County and Other Taxes	14,696,345.53
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Balance for Support of Municipal Budget Appropriations	8,459,967.37
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,001,619.86
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Amount for Support of Municipal Budget Appropriations	9,461,587.23
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	291,564.38	
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Tax Title Lien Collections	74,870.70	
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Total Receipts from Delinquent Taxes	366,435.08
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Accident Report	991.00	
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Clerk's office	6,657.40	
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Tax Sale Costs	762.23	
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Copy Machine	135.13	
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GIS	18,520.00	
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Parking Fees	9,685.00	
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Sale of Municipal Assets	20,804.30	
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Restitution	459.56	
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NSF Fees	580.00	
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Shade Tree	1,690.00	
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FEMA Reimbursement	30.00	
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Dog Excess Revenue	866.98	
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Tax/Fin Miscellaneous	141,617.68	
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Marriage Donation	14,975.00	
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Cape May Pt - Court	20,772.44	
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Total Miscellaneous Revenue Not Anticipated:	238,546.72
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**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 158,150.00	128,150.00	115,009.20		13,140.80	-
Other Expenses	99,850.00	99,850.00	76,073.16	3,416.36	20,360.48	-
Mayor and Council						
Salaries and Wages	45,900.00	45,900.00	41,624.90		4,275.10	-
Other Expenses	5,275.00	5,275.00	2,938.89	394.70	1,941.41	-
City Clerk						
Salaries and Wages	135,500.00	130,500.00	119,408.31		11,091.69	-
Other Expenses	21,100.00	21,100.00	8,884.31	4,727.48	7,488.21	-
Financial Administration						
Salaries and Wages	151,525.00	136,525.00	125,216.50		11,308.50	-
Other Expenses	11,300.00	11,300.00	8,335.21	502.57	2,462.22	-
Audit Services						
Other Expenses	28,000.00	28,000.00	28,000.00			-
Assessment of Taxes						
Salaries and Wages	95,800.00	95,800.00	93,547.10		2,252.90	(0.00)
Other Expenses	16,430.00	16,430.00	8,729.26	1,283.53	6,417.21	-
Collection of Taxes						
Salaries and Wages	113,300.00	113,300.00	111,236.57		2,063.43	(0.00)
Other Expenses	5,800.00	5,800.00	4,483.52	184.34	1,132.14	-
Legal Services						
Other Expenses						
Miscellaneous Other Expenses	180,000.00	240,000.00	190,067.74	10,784.50	39,147.76	-
Engineering & Planning Services						
Other Expenses	18,000.00	19,000.00	13,919.50	2,472.50	2,608.00	-
Economic Development						
Other Expenses	15,000.00	15,000.00	15,000.00			-
Emergency Medical Services - Collection						
Contractual Expenses	17,000.00	17,000.00	9,821.42	947.64	6,230.94	-
<b>INSURANCE</b>						
General Liability	267,900.00	267,900.00	183,363.22	30,200.00	54,336.78	-
Workers Compensation	319,100.00	319,100.00	319,062.81		37.19	0.00
Employee Group Health	1,751,360.00	1,709,360.00	1,486,643.82	31,622.19	191,093.99	-
Employee Group Health Waiver						
Salaries and Wages	68,000.00	68,000.00		68,000.00		-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	5,000.00	5,000.00	2,610.00		2,390.00	-
Other Expenses	12,770.00	12,770.00	7,904.88	3,648.07	1,217.05	-
Zoning Board of Adjustment						
Salaries and Wages	5,000.00	5,000.00	1,890.00		3,110.00	-
Other Expenses	9,300.00	9,300.00	5,271.98	2,522.50	1,505.52	-
<b>PUBLIC SAFETY</b>						
Fire						
Salaries and Wages	1,188,900.00	1,188,900.00	1,162,918.38		25,981.62	0.00
Other Expenses	43,000.00	44,000.00	39,587.90	3,008.10	1,404.00	-
Aid to Volunteer Fire Company						
Other Expenses	27,500.00	27,500.00	27,500.00			-
Police						
Salaries and Wages	1,927,871.00	1,907,871.00	1,841,549.32		66,321.68	-
Other Expenses	129,470.00	129,470.00	97,680.42	26,531.86	5,257.72	-
Emergency Management Services						
Salaries and Wages	5,750.00	5,750.00	5,000.06		749.94	-
Other Expenses	4,035.00	4,035.00	2,019.51	748.32	1,267.17	-
Parking and Traffic Maintenance						
Salaries and Wages	92,500.00	92,500.00	82,775.50		9,724.50	-
Other Expenses	53,200.00	53,200.00	27,376.57	17,723.59	8,099.84	-
Public Safety						
Salaries and Wages	2,500.00	-				-
Other Expenses	1,000.00	1,000.00	1,000.00			-
Municipal Court						
Salaries and Wages	168,000.00	168,000.00	159,738.91		8,261.09	-
Other Expenses	26,025.00	26,025.00	19,752.25	1,312.12	4,960.63	-
Public Defender						
Other Expenses	8,300.00	8,300.00	7,500.00		800.00	-
<b>PUBLIC WORKS FUNCTION</b>						
Road Repairs and Maintenance						
Salaries and Wages	485,275.00	477,275.00	460,656.80		16,618.20	-
Other Expenses	208,110.00	208,110.00	184,634.09	11,886.42	11,589.49	-
Sanitary Landfill Contractual						
Other Expenses	27,000.00	27,000.00	20,320.43		6,679.57	-
Recycling						
Salaries and Wages	37,500.00	45,500.00	41,791.50		3,708.50	-
Other Expenses	296,735.00	296,735.00	285,743.25	2,075.00	8,916.75	-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public Buildings and Grounds						
Salaries and Wages	552,200.00	552,200.00	517,814.89		34,385.11	-
Other Expenses	317,564.00	317,564.00	252,256.51	17,643.45	47,664.04	-
Shade Tree Commission						
Salaries and Wages	1,800.00	1,800.00	450.00		1,350.00	-
Other Expenses	31,850.00	31,850.00	14,538.85	9,650.95	7,660.20	-
Property Maintenance Enforcement						
Other Expenses	2,500.00	2,500.00			2,500.00	-
<b>HEALTH AND HUMAN SERVICES</b>						
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	4,450.00	4,450.00	984.67		3,465.33	-
<b>PARKS AND RECREATION FUNCTIONS</b>						
Civic Affairs						
Salaries and Wages	122,000.00	122,000.00	104,119.49		17,880.51	-
Other Expenses	59,000.00	59,000.00	53,062.88	2,953.27	2,983.85	-
Historic Preservation Commission						
Salaries and Wages	11,000.00	11,000.00	9,921.00		1,079.00	-
Other Expenses	20,400.00	20,400.00	8,028.03	100.00	12,271.97	-
Grants Coordinator						
Other Expenses	22,500.00	25,000.00	18,327.00	3,366.00	3,307.00	-
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	320,000.00	320,000.00	280,420.68		39,579.32	-
Other Expenses	13,880.00	13,880.00	11,085.52	353.45	2,441.03	-
<b>UNCLASSIFIED</b>						
Celebration of Public Events, Anniversary or Holiday						
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
General Office Operations						
Street Lighting	110,000.00	110,000.00	96,563.71	4,181.35	9,254.94	-
Gas Lighting	120,000.00	120,000.00	104,299.55	1,066.25	14,634.20	-
Gas Lighting - Parts	23,000.00	22,500.00	20,187.97		2,312.03	-
Gas Lighting - Parts	14,000.00	14,500.00	14,012.40		487.60	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>10,074,675.00</b>	<b>10,024,675.00</b>	<b>8,981,406.21</b>	<b>266,481.51</b>	<b>776,787.28</b>	<b>0.00</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Contingent	1,000.00	1,000.00		1,000.00		-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>10,075,675.00</b>	<b>10,025,675.00</b>	<b>8,981,406.21</b>	<b>266,481.51</b>	<b>777,787.28</b>	<b>0.00</b>
Detail:						
Salaries and Wages	5,627,271.00	5,554,771.00	5,278,689.11	-	276,081.89	0.00
Other Expenses	4,448,404.00	4,470,904.00	3,702,717.10	266,481.51	501,705.39	0.00
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None						-
<b>Statutory Expenditures:</b>						
Contributions to:						
Public Employees' Retirement System	368,003.00	368,003.00	366,003.00		2,000.00	-
Social Security System (O.A.S.I.)	315,000.00	315,000.00	289,517.96		25,482.04	-
Consolidated Police and Firemen's Pension Fund						-
Police and Firemen's Retirement System	714,352.00	714,352.00	714,352.00			-
Unemployment Compensation Insurance	18,000.00	18,000.00	18,000.00			-
Defined Contribution Retirement Program	5,000.00	5,000.00	2,271.50		2,728.50	-
Reserve for Retirement Trust	25,000.00	75,000.00	25,000.00		50,000.00	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>1,445,355.00</b>	<b>1,495,355.00</b>	<b>1,415,144.46</b>	<b>-</b>	<b>80,210.54</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>11,521,030.00</b>	<b>11,521,030.00</b>	<b>10,396,550.67</b>	<b>266,481.51</b>	<b>857,997.82</b>	<b>0.00</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Insurance: NJSA 40A:4-45.3						
Employee Group Health	63,040.00	63,040.00			63,040.00	-
Length of Service Award Program - Fire	22,000.00	22,000.00			22,000.00	-
Interlocal Municipal Service Agreements						
Police Protection West Cape May & Cape May Point Contractual - West Cape May - Salaries & Wages	431,885.00	431,885.00	431,885.00			-
Contractual - Cape May Point - Salaries & Wages	260,994.00	260,994.00	260,994.00			-
Rental of Borough Property - West Cape May	35,299.00	35,299.00	35,299.00			-
	813,218.00	813,218.00	728,178.00	22,000.00	63,040.00	-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	10,321.52	10,321.52	10,321.52	-	-	-
Matching Funds for Grants	25,000.00	25,000.00	-	25,000.00	-	-
Bureau of Housing Inspection	-	11,192.00	11,192.00	-	-	-
DEP 2013 Historic Resource Survey #4	-	24,999.00	24,999.00	-	-	-
Clean Communities	-	17,110.65	17,110.65	-	-	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>35,321.52</b>	<b>88,623.17</b>	<b>63,623.17</b>	<b>-</b>	<b>25,000.00</b>	<b>-</b>
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	848,539.52	901,841.17	791,801.17	22,000.00	88,040.00	-
Other Expenses	692,879.00	692,879.00	692,879.00	-	-	-
	155,660.52	208,962.17	98,922.17	22,000.00	88,040.00	-
(C) Capital Improvements						
Capital Improvement Fund	60,000.00	60,000.00	60,000.00	-	-	-
Reserve for Open Space Acquisitions	222,000.00	222,000.00	222,000.00	-	-	-
<b>Total Capital Improvements</b>	<b>282,000.00</b>	<b>282,000.00</b>	<b>282,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
(D) Debt Service						
Payment of Bond Principal	1,514,500.00	1,514,500.00	1,514,200.08	-	-	299.92
Payment of Bond Anticipation Notes	135,000.00	135,000.00	135,000.00	-	-	-
Interest on Bonds	302,400.00	302,400.00	302,351.92	-	-	48.08
Interest on Notes	231,500.00	231,500.00	231,449.97	-	-	50.03
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	149,200.00	149,200.00	149,166.46	-	-	33.54
NJEIT Loans & Bonds	20,400.00	20,400.00	20,268.86	-	-	131.14
<b>Total Debt Service</b>	<b>2,353,000.00</b>	<b>2,353,000.00</b>	<b>2,352,437.29</b>	<b>-</b>	<b>-</b>	<b>562.71</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	95,000.00	95,000.00	95,000.00	-	-	-
Total Deferred Charges	<u>95,000.00</u>	<u>95,000.00</u>	<u>95,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,578,539.52	3,631,841.17	3,521,238.46	22,000.00	88,040.00	562.71
SUBTOTAL GENERAL APPROPRIATIONS	<u>15,099,569.52</u>	<u>15,152,871.17</u>	<u>13,917,789.13</u>	<u>288,481.51</u>	<u>946,037.82</u>	<u>562.71</u>
(M) Reserve for Uncollected Taxes	1,001,619.86	1,001,619.86	1,001,619.86	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 16,101,189.38</u>	<u>16,154,491.03</u>	<u>14,919,408.99</u>	<u>288,481.51</u>	<u>946,037.82</u>	<u>562.71</u>
Budget Appropriations by 40A:4-87		16,101,189.38			Cancelled Overexpended	562.71 (0.00)
		<u>53,301.65</u>				<u>562.71</u>
		<u>16,154,491.03</u>				
Reserve for Uncollected Taxes			1,001,619.86			
Federal and State Grants			63,623.17			
Rental of Borough Property - West Cape May			35,299.00			
Deferred Charges			95,000.00			
Disbursements			13,723,866.96			
			<u>14,919,408.99</u>			

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

**EXHIBIT - B  
TRUST FUND**

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

<u>Assets</u>	<u>2013</u>	<u>2012</u>
<u>Animal Control Fund</u>		
Cash and Investments	\$ 2,814.87	2,091.94
Due from State of New Jersey	3.40	-
	<u>2,818.27</u>	<u>2,091.94</u>
<u>Other Funds</u>		
Cash and Investments	1,904,276.18	2,137,348.49
Due from Current	302,215.21	-
	<u>2,206,491.39</u>	<u>2,137,348.49</u>
	<u>\$ 2,209,309.66</u>	<u>2,139,440.43</u>

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

	2013	2012
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 1,935.59	2,076.24
Due to Current Fund	881.48	14.50
Due to State of New Jersey	1.20	1.20
	2,818.27	2,091.94
<u>Other Funds</u>		
Reserve for:		
Due to Current Fund	-	42.61
Unemployment Compensation	3,506.46	4,178.49
Retirement Fund	102,495.64	138,077.40
Parking Offense Adjudication Act	13,840.42	20,744.65
Street Openings	74,137.57	60,456.16
Tax Lien Premiums	113,564.87	36,564.87
Parking Escrow	45,605.36	19,595.18
Lifeguard Pension	442,846.48	404,891.26
Police Forfeiture	1,579.96	1,579.14
COAH	318,488.71	239,097.86
Fire Safety	5.34	-
Neighborhood Revitalization	140,407.60	140,334.69
Security Deposits	30,557.39	30,541.52
DARE	527.38	527.11
Small Cities Block Grant	718,147.03	674,071.83
Public Assistance	3,511.04	3,509.22
Performance Bond	178,347.86	345,263.70
Police Off-Duty	15,564.08	15,556.00
Fishermen's Memorial	3,358.20	2,316.80
	2,206,491.39	2,137,348.49
	\$ 2,209,309.66	2,139,440.43

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 3,174,372.07	3,892,930.72
Deferred Charges to Future Taxation -		
Funded	16,160,300.60	7,132,618.95
Unfunded	29,138,750.00	34,887,500.00
State Grant Receivable	110,436.77	110,436.77
NJEIT Loans Receivable	35,670.53	35,670.53
Interfunds and Receivables		
Due from Current Fund	31.00	-
	<u>48,619,560.97</u>	<u>46,059,156.97</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,230,413.38	2,469,361.39
Bond Anticipation Notes Payable	7,635,000.00	15,430,000.00
Serial Bonds Payable	15,778,438.25	6,592,638.33
Green Trust Loan Payable	214,409.41	357,143.12
Environmental Infrastructure Trust Loans Payable	167,452.94	182,837.50
Improvement Authorizations:		
Funded	197,870.48	327,808.65
Unfunded	19,979,987.40	17,704,925.81
Reserve to Pay Bonds or Notes	879,182.19	744,182.19
Reserve for Open Space	2,276,569.00	2,054,569.00
Reserves Other	26,575.60	11,575.60
Capital Improvement Fund	47,500.00	76,250.00
Fund Balance	186,162.32	107,865.38
	<u>\$ 48,619,560.97</u>	<u>46,059,156.97</u>

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

2012	19,457,500.00
2013	21,503,750.00

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 107,865.38	107,865.38
Increased by:		
Premiums on sale of Bonds & Notes	78,296.94	-
Decreased by:		
None	-	-
Ending Balance December 31	<u>\$ 186,162.32</u>	<u>107,865.38</u>

**EXHIBIT - D**  
**WATER AND SEWER UTILITY FUND**

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

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,043,561.37	2,167,156.69
Interfunds and Receivables		
Due from Current Fund	1,603.06	-
	2,045,164.43	2,167,156.69
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	137,324.21	21,891.10
Utility Liens	-	1,375.69
	137,324.21	23,266.79
Deferred Charges:		
Overexpenditure of Appropriation	-	15,793.56
	-	15,793.56
Total Operating Fund	2,182,488.64	2,206,217.04
Capital Fund:		
Cash	3,468,636.80	2,829,119.57
Interfunds and Receivables		
Due from Utility Operating	97,782.30	97,782.30
Loans Receivable	52,126.47	52,126.47
Fixed Capital	18,975,433.85	18,975,433.85
Fixed Capital - Authorized and Uncompleted	20,538,155.99	19,488,155.99
Total Capital Fund	43,132,135.41	41,442,618.18
	\$ 45,314,624.05	43,648,835.22

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Operating Fund:		
Appropriation Reserves	\$ 199,247.11	480,499.30
Reserve for Encumbrances	258,607.17	37,501.09
Sales Tax Payable	190.71	190.71
Accrued Interest on Bonds and Notes	144,394.35	142,854.48
Reserve for Sewer Treatment Plant	809.71	809.71
Interfunds:		
Due to Utility Capital	97,782.30	97,782.30
	<u>701,031.35</u>	<u>759,637.59</u>
 Reserve for Receivables	 137,324.21	 23,266.79
Fund Balance	1,344,133.08	1,423,312.66
 Total Operating Fund	 <u>2,182,488.64</u>	 <u>2,206,217.04</u>
Capital Fund:		
Encumbrances Payable	1,590,516.19	1,421,826.88
Bond Anticipation Notes Payable	4,400,000.00	5,470,000.00
Serial Bonds Payable	5,356,990.01	3,853,587.63
Loans Payable	6,317,531.13	6,495,161.54
Improvement Authorizations:		
Funded	447,323.27	549,909.90
Unfunded	2,739,696.63	2,696,553.04
Reserve for Amortization	19,749,707.47	18,477,932.44
Deferred Reserve for Amortization	1,789,655.23	1,789,655.23
Reserve for Debt Service	505,007.60	505,007.60
Capital Improvement Fund	50,000.00	30,000.00
Fund Balance	185,707.88	152,983.92
 Total Capital Fund	 <u>43,132,135.41</u>	 <u>41,442,618.18</u>
	<u>\$ 45,314,624.05</u>	<u>43,648,835.22</u>

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

2012	2,779,536.00
2013	2,529,536.00

**WATER AND SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 494,018.56	493,340.00
Water and Sewer Rents	5,835,903.88	6,296,282.80
Miscellaneous	68,422.99	71,845.49
Non-Budget Revenue	5.00	-
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	420,321.96	287,290.93
Total Income	<u>6,818,672.39</u>	<u>7,148,759.22</u>
Expenditures		
Operations:		
Salaries and Wages	876,800.00	886,920.00
Other Expenses	3,789,425.00	3,881,175.00
Capital Improvements	70,000.00	70,000.00
Debt Service	1,562,314.85	1,530,295.97
Deferred Charges and Statutory Expenditures	105,293.56	85,000.00
Total Expenditures	<u>6,403,833.41</u>	<u>6,453,390.97</u>
Excess in Revenue	<u>414,838.98</u>	<u>695,368.25</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	9,675.00
Total Adjustments	<u>-</u>	<u>9,675.00</u>
Excess in Operations	<u>414,838.98</u>	<u>705,043.25</u>
Fund Balance January 1	<u>1,423,312.66</u>	<u>1,211,609.41</u>
Decreased by:	1,838,151.64	1,916,652.66
Utilization as Anticipated Revenue	<u>494,018.56</u>	<u>493,340.00</u>
Fund Balance December 31	<u>\$ 1,344,133.08</u>	<u>1,423,312.66</u>

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 152,983.92	152,983.92
Increased by:		
Premiums on Sale of Bonds & Notes	32,723.96	-
Decreased by:		
None	-	-
Ending Balance December 31	<u>\$ 185,707.88</u>	<u>152,983.92</u>

**WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 494,018.56	494,018.56	-
Anticipated Revenue:			
Water and Sewer Rents	6,040,000.00	5,835,903.88	(204,096.12)
Miscellaneous	65,000.00	68,422.99	3,422.99
	<u>\$ 6,599,018.56</u>	<u>6,398,345.43</u>	<u>(200,673.13)</u>

## Analysis of Realized Revenue:

Water and Sewer Rents		
Accounts Receivable	5,835,903.88	
Total Water & Sewer Rents		<u>5,835,903.88</u>
Miscellaneous Revenue		
Interest on Investments	2,673.71	
Penalties and Interest	4,689.54	
Sewer Connection Fees	6,031.00	
Meter Installations	26,639.00	
Reconnection Fees	6,601.53	
Special Reading Charge	6,300.00	
Shut Off Notice Fee	5,780.00	
Disconnection Fees	3,950.00	
WCM Interlocal	1,233.00	
Frie Sprinkler Fee	1,500.00	
Miscellaneous	3,025.21	
Total Miscellaneous		<u>68,422.99</u>

**WATER AND SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	\$ 901,800.00	901,800.00	834,787.70		42,012.30	25,000.00
Other Expenses	3,939,425.00	3,939,425.00	3,378,658.90	258,607.17	152,158.93	150,000.00
	<u>4,841,225.00</u>	<u>4,841,225.00</u>	<u>4,213,446.60</u>	<u>258,607.17</u>	<u>194,171.23</u>	<u>175,000.00</u>
<b>Capital Improvements:</b>						
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>	<u>-</u>
<b>Debt Service:</b>						
Payment of Bond Principal	1,009,300.00	1,009,300.00	1,009,224.03		(0.00)	75.97
Payment on Bond Anticipation Notes & Capital Notes	35,000.00	35,000.00	35,000.00		-	
Interest on Bonds	454,700.00	454,700.00	452,707.49		(0.00)	1,992.51
Interest on Notes	83,500.00	83,500.00	65,383.33		-	18,116.67
	<u>1,582,500.00</u>	<u>1,582,500.00</u>	<u>1,562,314.85</u>	<u>-</u>	<u>(0.00)</u>	<u>20,185.15</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Overexpenditure of an Appropriation	15,793.56	15,793.56	15,793.56		-	
PERS	10,000.00	10,000.00	10,000.00		-	
Social Security System (O.A.S.I.)	70,000.00	70,000.00	64,924.12		5,075.88	
Unemployment Compensation Insurance	3,500.00	3,500.00	3,500.00		-	
Retirement Trust	6,000.00	6,000.00	6,000.00		-	
	<u>105,293.56</u>	<u>105,293.56</u>	<u>100,217.68</u>	<u>-</u>	<u>5,075.88</u>	<u>-</u>
<b>\$</b>	<u><u>6,599,018.56</u></u>	<u><u>6,599,018.56</u></u>	<u><u>5,945,979.13</u></u>	<u><u>258,607.17</u></u>	<u><u>199,247.11</u></u>	<u><u>195,185.15</u></u>
			Cash Disbursed \$			
			Deferred Charges			
			Accrued Interest			
			<u>5,945,979.13</u>			

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

**EXHIBIT - E**  
**BEACH UTILITY FUND**



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

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 430,430.83	375,199.87
	430,430.83	375,199.87
Total Operating Fund	430,430.83	375,199.87
Capital Fund:		
Cash	527,174.75	427,587.78
Fixed Capital - Authorized and Uncompleted	4,022,800.00	3,547,800.00
Total Capital Fund	4,549,974.75	3,975,387.78
	\$ 4,980,405.58	4,350,587.65

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Operating Fund:		
Appropriation Reserves	\$ 123,495.18	29,082.96
Encumbrances Payable	25,662.82	24,942.31
Accrued Interest on Bonds and Notes	7,518.75	10,378.13
	<u>156,676.75</u>	<u>64,403.40</u>
Fund Balance	273,754.08	310,796.47
Total Operating Fund	<u>430,430.83</u>	<u>375,199.87</u>
Capital Fund:		
Encumbrances Payable	14,342.44	16,716.90
Bond Anticipation Notes Payable	2,005,000.00	1,845,000.00
Reserve for Amortization	1,170,000.00	1,030,000.00
Improvement Authorizations		
Funded	311,338.90	289,913.26
Unfunded	832,322.57	623,255.38
Capital Improvement Fund	189,000.00	114,000.00
Fund Balance	27,970.84	56,502.24
Total Capital Fund	<u>4,549,974.75</u>	<u>3,975,387.78</u>
	<u>\$ 4,980,405.58</u>	<u>4,350,587.65</u>

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

2012	672,800.00
2013	847,800.00

**BEACH UTILITY FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES**  
**IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 274,250.00	300,000.00
Beach Utility Capital Surplus	40,000.00	-
Beach Fees	2,112,737.62	2,034,483.59
Other Credits to Income:		
Miscellaneous Revenue not Anticipated	48,997.90	829.49
Unexpended Balance of Appropriation Reserves	23,362.71	127,155.34
Total Income	2,499,348.23	2,462,468.42
Expenditures		
Operations:		
Salaries and Wages	1,350,925.00	1,298,830.00
Other Expenses	508,635.00	507,742.00
Capital Improvements	92,265.00	100,000.00
Debt Service	164,815.62	146,540.50
Deferred Charges and Statutory Expenditures	145,500.00	129,000.00
Total Expenditures	2,262,140.62	2,182,112.50
Excess/(Deficit) in Revenue	237,207.61	280,355.92
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Excess in Operations	237,207.61	280,355.92
Fund Balance January 1	310,796.47	330,440.55
Decreased by:	548,004.08	610,796.47
Utilization as Anticipated Revenue	274,250.00	300,000.00
Fund Balance December 31	\$ 273,754.08	310,796.47

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 56,502.24	36,520.76
Increased by:		
Premiums on sale of Bonds & Notes	11,468.60	19,981.48
Decreased by:		
Surplus budgeted in Current Fund	40,000.00	-
Ending Balance December 31	<u>\$ 27,970.84</u>	<u>56,502.24</u>

**BEACH UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 274,250.00	274,250.00	-
Beach Utility Capital Surplus	40,000.00	40,000.00	-
Anticipated Revenue:			
Beach Fees	1,950,000.00	2,112,737.62	162,737.62
Miscellaneous	750.00	48,997.90	48,247.90
	<u>\$ 2,265,000.00</u>	<u>2,475,985.52</u>	<u>210,985.52</u>
Analysis of Realized Revenue:			
Beach Fees			
Collections	<u>2,112,737.62</u>		
Total Beach Fees		<u>2,112,737.62</u>	
Miscellaneous Revenue			
Interest on Investments:			
Operating Fund	522.90		
Miscellaneous	<u>48,475.00</u>		
Total Miscellaneous		<u>48,997.90</u>	

**BEACH UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	\$ 1,350,925.00	1,350,925.00	1,300,307.84		50,617.16	
Other Expenses	508,635.00	508,635.00	422,195.50	25,662.82	60,776.68	
	<u>1,859,560.00</u>	<u>1,859,560.00</u>	<u>1,722,503.34</u>	<u>25,662.82</u>	<u>111,393.84</u>	<u>-</u>
<b>Capital Improvements:</b>						
Capital Improvement Fund	75,000.00	75,000.00	75,000.00		-	
Current Fund Reimbursement Existing Debt	17,265.00	17,265.00	17,265.00		-	
	<u>92,265.00</u>	<u>92,265.00</u>	<u>92,265.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>						
Payment on Bond Anticipation Notes	140,000.00	140,000.00	140,000.00		-	
Interest on Notes	27,675.00	27,675.00	24,815.62		-	2,859.38
	<u>167,675.00</u>	<u>167,675.00</u>	<u>164,815.62</u>	<u>-</u>	<u>-</u>	<u>2,859.38</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Lifeguard Pension	28,000.00	28,000.00	28,000.00		-	
Unemployment	14,000.00	14,000.00	14,000.00			
Social Security System	103,500.00	103,500.00	91,398.66		12,101.34	
	<u>145,500.00</u>	<u>145,500.00</u>	<u>133,398.66</u>	<u>-</u>	<u>12,101.34</u>	<u>-</u>
	<u>\$ 2,265,000.00</u>	<u>2,265,000.00</u>	<u>2,112,982.62</u>	<u>25,662.82</u>	<u>123,495.18</u>	<u>2,859.38</u>

Cash Disbursed	\$ 2,265,712.06
Accrued Interest	(2,859.38)
Reimbursements	(149,870.06)
	<u>\$ 2,112,982.62</u>

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

**EXHIBIT - F**  
**TOURISM UTILITY FUND**



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

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 255,841.57	92,396.44
Change Fund	1,000.00	1,000.00
Interfunds and Receivables		
Due from Current Fund	6,967.45	11,926.45
	263,809.02	105,322.89
Deferred Charges:		
Overexpenditure of Appropriation	-	4,785.07
Operating Deficit	-	49,734.19
	-	54,519.26
 Total Operating Fund	 263,809.02	 159,842.15
	\$ 263,809.02	159,842.15

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Operating Fund:		
Appropriation Reserves	\$ 130,902.49	110,956.16
Encumbrances Payable	24,998.48	41,507.20
Sales Tax Payable	628.79	628.79
Due to Security Deposit	12,950.00	6,750.00
	<u>169,479.76</u>	<u>159,842.15</u>
 Fund Balance	 94,329.26	 -
 Total Operating Fund	 <u>263,809.02</u>	 <u>159,842.15</u>
	 <u>\$ 263,809.02</u>	 <u>159,842.15</u>

**TOURISM UTILITY FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES**  
**IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
Revenue and Other Income Realized		
Tourism Fees	\$ 1,143,601.85	968,173.48
Other Credits to Income:		
Miscellaneous Revenue not Anticipated	1,205.72	7,142.33
Unexpended Balance of Appropriation Reserves	9,769.95	-
Total Income	1,154,577.52	975,315.81
Expenditures		
Operations:		
Salaries and Wages	298,625.00	329,785.07
Other Expenses	707,104.00	700,050.00
Deferred Charges	4,785.07	-
Deficits in Operations in Prior Years	49,734.19	-
Total Expenditures	1,060,248.26	1,029,835.07
Excess/(Deficit) in Revenue	94,329.26	(54,519.26)
Operating Deficit to be Raised in Budget of Succeeding Year	-	49,734.19
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	4,785.07
Total Adjustments	-	4,785.07
Excess in Operations	94,329.26	(0.00)
Fund Balance January 1	(0.00)	-
Decreased by:	94,329.26	(0.00)
Utilization as Anticipated Revenue	-	-
Fund Balance December 31	\$ 94,329.26	(0.00)

**TOURISM UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated Budget	Realized	Excess or (Deficit)
Anticipated Revenue:			
Tourism Fees & Events	\$ 728,500.00	681,154.90	(47,345.10)
Hotel Room Tax	97,000.00	113,074.15	16,074.15
Lease and rent Contracts	90,000.00	204,872.80	114,872.80
Mercantile License Fee	64,750.00	64,500.00	(250.00)
Cancelled Appropriations Reserves-2012	80,000.00	80,000.00	-
Miscellaneous	-	1,205.72	1,205.72
	<u>\$ 1,060,250.00</u>	<u>1,144,807.57</u>	<u>84,557.57</u>

## Analysis of Realized Revenue:

Tourism Fees		
Collections		681,154.90
		<u>681,154.90</u>
Miscellaneous		
Miscellaneous		1,205.72
		<u>1,205.72</u>

**TOURISM UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Budget After Modifications	Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Paid or Charged		Encumbered	Reserved		
Operations:							
Salaries and Wages	\$ 298,625.00	274,422.21	298,625.00		24,202.79	-	-
Other Expenses	707,104.00	575,405.82	707,104.00	24,998.48	106,699.70	-	-
	<u>1,060,250.00</u>	<u>904,347.29</u>	<u>1,060,250.00</u>	<u>24,998.48</u>	<u>130,902.49</u>	<u>1.74</u>	<u>1.74</u>
Deferred Charges	4,786.00	4,785.07	4,786.00		-	0.93	0.93
Deficits in Operations in Prior Years	49,735.00	49,734.19	49,735.00		-	0.81	0.81
	<u>1,060,250.00</u>	<u>904,347.29</u>	<u>1,060,250.00</u>	<u>24,998.48</u>	<u>130,902.49</u>	<u>1.74</u>	<u>1.74</u>
	\$		\$				
		888,224.03	Cash Disbursed				
		4,785.07	Deferred Charges				
		49,734.19	Other				
		(38,396.00)	Reimbursements				
		<u>904,347.29</u>					

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**EXHIBIT - G**  
**GENERAL FIXED ASSET ACCOUNT GROUP**



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

	2013	2012
<u>General Fixed Assets</u>		
Land, Buildings and Improvements	\$ 25,803,025.06	13,347,025.06
Machinery and Equipment	9,128,966.20	9,390,408.98
	34,931,991.26	22,737,434.04
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	34,931,991.26	22,737,434.04
	\$ 34,931,991.26	22,737,434.04

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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.

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

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

**B. Description of Funds**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

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

**C. Basis of Accounting**

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

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

The municipality is responsible for remitting 100% of the City of Cape May School District and the Lower Cape May Regional High School District and the County of Cape May taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

Levy of Utility Charges – The City operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and Sewer charges are based on flat fees and usage based on the type of City. Charges are billed annually and due in quarterly installments on January 29, April 30, August 6 and October 28.

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

**D. Required Financial Statements**

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

**E. Comparative Data**

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

**F. Recent Accounting Pronouncements Not Yet Effective**

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

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

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

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the City's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the City is not presently determinable.

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$1,001,619.86 and \$945,673.60. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$2,100,000.00 and \$2,050,000.00. In addition, the City operates a self-liquidating water and sewer utility, beach utility and tourism utility. Under New Jersey Statutes a separate budget for each utility must be adopted concurrently with the operating budget of the City. The utility budgets must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the water and sewer budget in 2013 and 2012 statutory budgets was \$494,018.56 and \$493,240.00. The amount of fund balance budgeted to balance the beach utility budget in 2013 and 2012 statutory budgets was \$274,250.00 and \$300,000.00. There was no fund balance budgeted to balance the tourism utility budget in 2013 and 2012.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following more significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
General and Administrative		
Salaries and Wages	\$ (30,000.00)	(45,000.00)
City Clerk		
Salaries and Wages		(20,000.00)
Financial Administration		
Salaries and Wages		(45,000.00)
Legal Services		
Other Expenses	60,000.00	
Insurance		
General Liability		60,000.00
Workers Compensation		(28,000.00)
Employee Group Health	(42,000.00)	(53,000.00)
Fire		
Salaries and Wages		150,000.00
Police		
Salaries and Wages	(20,000.00)	
Reserve for Retirement Trust	50,000.00	
Construction Official		
Salaries and Wages		(25,000.00)

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Bureau of Housing Inspection	\$ 11,192.00	10,279.00
DEP 2013 Historic Resource Survey #4	24,999.00	
Clean Communities Program	17,110.65	14,573.66
DEP 2013 Historic Resource Survey #2		24,999.00
Body Armor		2,426.45
Estate of Edward Ross		80,000.00
Alcohol Education & Rehabilitation		269.82

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City approved two special emergency appropriations in 2008 for \$375,000.00 and \$100,000.00. The emergencies were for a revaluation in the City and a Master Plan Reexamination. There was no unfunded balance as of December 31, 2013 on either special emergency.

**NOTE 3: INVESTMENTS**

As of December 31, 2013 and 2012, the City did not have any investments.

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

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

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

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$17,961,762.77 and \$17,747,490.11 was exposed to custodial credit risk.

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land, Building and Improvements	\$ 13,347,025.06			13,347,025.06
Equipment and Machinery	9,796,926.29	305,807.63	(712,324.94)	9,390,408.98
	<u>23,143,951.35</u>	<u>305,807.63</u>	<u>(712,324.94)</u>	<u>22,737,434.04</u>

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land, Building and Improvements	\$ 13,347,025.06	12,456,000.00		25,803,025.06
Equipment and Machinery	9,390,408.98	896,306.66	(1,157,749.44)	9,128,966.20
	<u>22,737,434.04</u>	<u>13,352,306.66</u>	<u>(1,157,749.44)</u>	<u>34,931,991.26</u>

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**NOTE 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/11	Issued	Retired	Balance 12/31/12
Bond Anticipation				
Notes payable:				
General	\$ 10,415,000.00	5,100,000.00	85,000.00	15,430,000.00
Water and Sewer Utility	3,985,000.00	1,500,000.00	15,000.00	5,470,000.00
Beach Utility	1,945,000.00		100,000.00	1,845,000.00
	<u>\$ 16,345,000.00</u>	<u>6,600,000.00</u>	<u>200,000.00</u>	<u>22,745,000.00</u>

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation				
Notes payable:				
General	\$ 15,430,000.00	7,635,000.00	15,430,000.00	7,635,000.00
Water and Sewer Utility	5,470,000.00	5,470,000.00	5,470,000.00	5,470,000.00
Beach Utility	1,845,000.00	300,000.00	140,000.00	2,005,000.00
	<u>\$ 22,745,000.00</u>	<u>13,405,000.00</u>	<u>21,040,000.00</u>	<u>15,110,000.00</u>

The note was issued on July 18, 2013 and is due and payable on July 18, 2014 with interest at 1.000%. As of December 31, 2013 the City has authorized but not issued bonds in the amount of \$21,503,750.00, \$2,529,536.00, \$847,800.00 in the General Capital Fund, Water and Sewer Utility Capital Fund and Beach Utility Capital Fund respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**NOTE 7: LONG TERM DEBT**

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 8,052,828.89		1,460,190.56	6,592,638.33	1,514,200.08
Water Sewer Utility	4,661,301.79		807,714.16	3,853,587.63	831,597.62
<b>Total</b>	<b>12,714,130.68</b>	-	<b>2,267,904.72</b>	<b>10,446,225.96</b>	<b>2,345,797.70</b>
Other liabilities:					
Loans Payable:					
General	695,549.57		155,568.95	539,980.62	158,118.27
Water Sewer Utility	6,670,626.36		175,464.82	6,495,161.54	177,630.41
Compensated Absences Payable	1,468,362.78	68,086.41		1,536,449.19	-
<b>Total long-term liabilities</b>	<b>\$ 21,548,669.39</b>	<b>68,086.41</b>	<b>2,598,938.49</b>	<b>19,017,817.31</b>	<b>2,681,546.38</b>
	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 6,592,638.33	10,700,000.00	1,514,200.08	15,778,438.25	1,663,410.09
Water Sewer Utility	3,853,587.63	2,335,000.00	831,597.62	5,356,990.01	850,678.00
<b>Total</b>	<b>10,446,225.96</b>	<b>13,035,000.00</b>	<b>2,345,797.70</b>	<b>21,135,428.26</b>	<b>2,514,088.09</b>
Other liabilities:					
Loans Payable:					
General	539,980.62		158,118.27	381,862.35	35,152.76
Water Sewer Utility	6,495,161.54		177,630.41	6,317,531.13	192,353.58
Compensated Absences Payable	1,536,449.19		139,898.47	1,396,550.72	-
<b>Total long-term liabilities</b>	<b>\$ 19,017,817.31</b>	<b>13,035,000.00</b>	<b>2,821,444.85</b>	<b>29,231,372.46</b>	<b>2,741,594.43</b>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

\$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, 2013 is \$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, 2013 is \$718,438.25.

\$3,250,000 General Bonds dated October 1, 2001, due in annual installments through October 1, 2013, bearing interest at various rates. There is no balance remaining as of December 31, 2013.

\$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, 2013 is \$3,885,000.00.

\$10,700,000 General Bonds dated July 15, 2013, due in annual installments through July 15, 2027, bearing interest at various rates. The balance remaining as of December 31, 2013 is \$10,700,000.00.

\$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. There is no balance remaining as of December 31, 2013.

\$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, 2013 is \$214,409.41.

\$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, 2013 is \$34,300.00.

\$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, 2013 is \$27,375.80.

\$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, 2013 is \$46,977.14.

\$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, 2013 is \$58,800.00.

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

\$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, 2013 is \$652,020.01.

\$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, 2013 is \$59,970.00.

\$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. There is no balance remaining as of December 31, 2013.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

\$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, 2013 is \$240,000.00.

\$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, 2013 is \$2,070,000.00.

\$2,335,000 Water and Sewer Utility Bonds dated July 15, 2013, due in annual installments through July 15, 2025, bearing interest at various rates. The balance remaining as of December 31, 2013 is \$2,335,000.00.

\$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, 2013 is \$240,000.00.

\$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, 2013 is \$173,946.84.

\$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, 2013 is \$35,700.00.

\$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, 2013 is \$28,493.18.

\$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, 2013 is \$48,894.59.

\$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, 2013 is \$61,200.00.

\$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, 2013 is \$1,121,228.58.

\$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, 2013 is \$2,017,919.20.

\$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, 2013 is \$1,221,768.27.

\$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, 2013 is \$1,368,380.47.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

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

Year Ending December 31,	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2014	\$ 1,663,410.09	580,806.66	850,678.00	212,418.80
2015	1,237,830.59	521,330.64	619,964.40	178,316.49
2016	1,297,472.12	474,323.08	634,461.37	151,705.84
2017	1,352,345.73	420,327.63	659,183.94	123,064.70
2018	1,457,463.01	364,582.41	524,142.64	93,381.54
2019-2023	5,119,916.71	1,151,501.94	1,638,559.66	218,250.03
2024-2027	3,650,000.00	358,600.00	430,000.00	21,800.00
	<u>\$ 15,778,438.25</u>	<u>3,871,472.36</u>	<u>5,356,990.01</u>	<u>998,937.40</u>

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

Year Ending December 31,	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2014	\$ 35,152.76	8,802.46	192,353.58	250,215.97
2015	35,154.53	7,991.32	194,630.16	243,782.09
2016	39,188.33	7,173.71	209,448.17	237,181.59
2017	39,124.36	6,227.03	211,839.79	230,054.84
2018	39,067.09	5,273.63	214,412.78	222,746.88
2019-2023	154,792.77	12,588.07	681,089.38	1,020,503.76
2024-2028	39,382.51	989.49	758,191.99	874,238.01
2029-2033			934,076.02	698,353.98
2034-2038			1,147,649.87	481,362.20
2039-2043			668,441.96	287,238.04
2044-2048			747,234.41	144,440.01
2049-2052			358,163.02	23,705.54
	<u>\$ 381,862.35</u>	<u>49,045.71</u>	<u>6,317,531.13</u>	<u>4,713,822.91</u>

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$533,801.89 and to the water and sewer utility budget was \$518,090.82.

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 23,795,300.60	22,562,618.95	19,163,378.46
Water/Sewer Utility - Bonds and Notes	16,074,521.14	15,818,749.17	15,316,928.15
Beach Utility - Bonds and Notes	2,005,000.00	1,845,000.00	1,945,000.00
Total Issued	<u>41,874,821.74</u>	<u>40,226,368.12</u>	<u>36,425,306.61</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	21,503,750.00	19,457,500.00	24,591,250.00
Water/Sewer Utility - Bonds and Notes	2,529,536.00	2,779,536.00	3,166,536.00
Beach Utility - Bonds and Notes	847,800.00	672,800.00	372,800.00
Total Authorized But Not Issued	<u>24,881,086.00</u>	<u>22,909,836.00</u>	<u>28,130,586.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 66,755,907.74</u>	<u>63,136,204.12</u>	<u>64,555,892.61</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.585%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 2,568,009.64	2,568,009.64	-
Water and Sewer Utility Debt	18,604,057.14	18,604,057.14	-
Beach Utility	2,852,800.00	2,852,800.00	-
General Debt	45,299,050.60	879,182.19	44,419,868.41
	<u>\$ 69,323,917.38</u>	<u>24,904,048.97</u>	<u>44,419,868.41</u>

Net Debt \$44,419,868.41 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,803,222,195.67 = 1.585%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$	98,112,777
Net Debt		44,419,868
Remaining Borrowing Power	<u>\$</u>	<u>53,692,909</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

		<u>2014</u>	<u>2013</u>
Current Fund	\$	2,100,000.00	2,100,000.00
Water/Sewer Utility		550,000.00	494,018.56
Beach Utility		202,000.00	274,250.00

**NOTE 9: SCHOOL TAXES**

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

		<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$	741,960.50	741,960.50
Deferred		741,963.70	741,964.74
Tax Payable	\$	<u>(3.20)</u>	<u>(4.24)</u>

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

		<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$	3,158,305.50	3,314,243.86
Deferred		3,158,305.57	3,314,243.94
Tax Payable	\$	<u>(0.07)</u>	<u>(0.08)</u>

**NOTE 10: TAXES COLLECTED IN ADVANCE**

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

	<u>Balance 12/31/13</u>	<u>Balance 12/31/12</u>
Prepaid Taxes	\$ 478,100.57	496,648.16
Cash Liability for Taxes Collected in Advance	<u>\$ 478,100.57</u>	<u>496,648.16</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**NOTE 11: PENSION FUNDS**

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 8.24% of covered payroll. The City's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$376,003.00, \$349,051.00 and \$352,113.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$714,352.00, \$701,517.00, and \$784,985.00.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$7,845,213.97, \$8,102,660.87 and \$7,774,695.49. Payroll covered by PFRS was \$2,996,988.00, \$2,867,506.00 and \$2,841,995.00. Payroll covered by PERS was \$3,097,745.00, \$3,026,851.00 and \$3,177,601.00.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

**NOTE 12: 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, 2013 \$442,846.48 and \$365,603.04 at December 31, 2012.

**NOTE 13: POST-RETIREMENT BENEFITS**

**Plan Description** The City of Cape May contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under *N.J.S.A. 52:14-17.25 et seq.* to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at to <http://www.state.nj.us/treasury/pensions/shbp.htm>

**Plan Coverage** The City currently has 9 union groups, UAW Local 2327 Cape May Lieutenant Lifeguards, UAW Local 2327 Cape May Lifeguards, UAW Local 2327 Upper Management Employees, UAW Local 2327 Middle Management Employees, UAW Local 2327 White Collar Clerical Employees, UAW Local 2327 Blue Collar Employees (Public Works and Water Sewer Employees), UAW Local 2327 Communications Employees, Policemen Benevolent Association Local 59 and International Association of Fire Fighters Local 3495. The employee's post-employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

UAW Local 2327 (except Lifeguards) – Upon retirement after 25 years of service to the City (or 27 years of service to the City for employees hired on or after January 1, 2010), the City will pay the entire cost of health benefit coverages available for retirees at the time of retirement to supplement Medicare or any other health benefits to which the retiring employee may be entitled for the lifetime of the retiring employee and the employee's spouse at the time of retirement. The health plan for retirees shall reflect a lifetime limit as provided for under the specific health plan selected by the retiree.

International Association of Fire Fighters Local 3495 – Upon retirement after 25 years of service to the City, the City will pay the entire cost of health benefit coverages available for retirees at the time of retirement to supplement Medicare or any other health benefits to which the retiring employee may be entitled for the lifetime of the retiring employee and the employee's spouse at the time of retirement. The health plan for retirees shall reflect a lifetime limit as provided for under the specific health plan selected by the retiree. Dependent health coverage will be provided according to the terms of eligibility of the retiree's selected health plan.

Policemen Benevolent Association Local 59 – Upon retirement after 25 years of service with the City, the City will provide full time Officers and their eligible dependents at the time of retirement, lifetime medical coverage as set forth in this Article and subject to (1) the conditions established below and (2) the requirements of SHBP, including requirements to participate in Medicare. Officers who retire prior to January 1, 2012, shall be subject to the premium cost sharing provisions in effect when they retired as applicable to retirees. Pursuant to P.L. 2011, Chapter 78, Officers retiring on or after January 1, 2012 either with 25 years or more of pensionable law enforcement service in a State administered retirement system and with 25 years of services with the City or (ii) from a work related accidental disability pension, as set forth in Article 9.L. below, shall make a standard contribution to the City as a deduction from their retirement benefits.

Non Affiliated Employees - Individuals who retired with at least 25 years of service in the Public Employees' Retirement System receive hospitalization, major medical and prescription for the employee and spouse in effect at the time of retirement.

**Funding Policy** Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City of Cape May on a monthly basis. The rates charged by the system for the year ended December 31, 2012 vary according to the type of coverage selected by the retiree and range from \$378 to \$1,770 monthly per retiree.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

The City of Cape May contributions to SHBP for post-retirement benefits for the year ended December 31, 2013 and 2012 were \$504,545.88 and \$414,168.78 respectively, which equaled the required contribution for the year.

**NOTE 14: ACCRUED SICK AND VACATION BENEFITS**

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, 2013, the City estimates this liability to approximate \$1,396,550.72 based on 2013 pay rates and compensated absence balances.

**NOTE 15: ECONOMIC DEPENDENCY**

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

**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. During the year ended December 31, 2013 and 2012 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

**New Jersey Unemployment Compensation Insurance** – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**NOTE 17: DEFERRED COMPENSATION**

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

**NOTE 18: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the City of Cape May:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 881.48	
Tourism Commission		200.00
Federal and State Grant Funds		109,638.95
Trusts Other		302,215.21
Utility Operating		1,603.06
General Capital		31.00
Tourism Operating		6,767.45
Grant Fund:		
Current Fund	109,638.95	
Other Trusts:		
Current Fund	302,215.21	
Animal Control Fund:		
Current Fund		881.48
General Capital Fund:		
Current Fund	31.00	
Tourism Operating:		
Current Fund	6,967.45	
Water and Sewer Operating:		
Current Fund	1,603.06	
Water and Sewer Capital		97,782.30
Water and Sewer Capital Fund:		
Water and Sewer Operating	97,782.30	
	\$ 519,119.45	519,119.45

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**NOTE 19: CONTINGENT LIABILITIES**

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

**NOTE 20: LENGTH OF SERVICE AWARD PROGRAM**

The City's Length of Service Awards Program (LOSAP) was created by a City Ordinance adopted on January 20, 2004 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the City of Vineland approved the adoption of the LOSAP at the general election held on January 20, 2004, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was fiscal year 2004. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the City's financial statements.

As required by N.J.A.C. 5:30-14.49, the City must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

**NOTE 21: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through July 14, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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**SUPPLEMENTARY INFORMATION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 14, 2014, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

*Leon P. Costello*

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

July 14, 2014



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the City of Cape May's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Cape May's major federal and state programs for the year ended December 31, 2013. The City of Cape May's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, City of Cape May complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

***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**

**July 14, 2014**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2013
<b>Federal:</b>								
Department of Housing and Urban Development Passed Through NJ Department of Community Affairs Small Cities Program CDBG 2011	2/1/11-1/31/13	14.228	500,000.00 \$	-	31,946.00	7,842.11	7,842.11	31,946.00
Small Cities Program CDBG 2012	2/1/12-1/31/14	14.228	400,000.00	-	400,000.00	387,625.35		12,374.65
Small Cities Program CDBG 2013	2/1/13-1/31/15	14.228	400,000.00	-		84,199.50		(84,199.50)
Total U.S. Department of Housing & Urban Development				-	431,946.00	479,666.96	7,842.11	(39,878.85)
U.S. Department of Homeland Security Passed Through Federal Emergency Management Assistance (FEMA) Reimbursement for Hurricane Sandy	1/1/13 - 12/31/13	97.036	154,381.01	-	154,381.01	154,381.01		-
Total Federal Awards			\$	-	586,327.01	634,047.97	7,842.11	(39,878.85)

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2013	(Memo Only) Total Cumulative State Expenditures
<b>State of New Jersey</b>									
NJ Department of Environmental Protection									
Clean Communities Act	1/1/12 - 12/31/12	4900-765-042-4900-004	14,573.66 \$	13,235.37		12,899.28		336.09	12,899.28
Clean Communities Act	1/1/13 - 12/31/13	4900-765-042-4900-004	17,110.65	-	17,110.65			17,110.65	
Solid Waste Management Grant	1/1/11 - 12/31/11	N/A	23,227.94	8,660.82		8,357.12		303.70	8,357.12
Solid Waste Management Grant	1/1/13 - 12/31/13	N/A	10,321.52	-	10,321.52			10,321.52	
Historic Resource Survey #2	Open	N/A	24,999.00	24,999.00		24,999.00		-	24,999.00
Historic Resource Survey #3	Open	N/A	24,999.00	-	24,999.00			24,999.00	
				<u>46,895.19</u>	<u>52,431.17</u>	<u>46,255.40</u>	<u>-</u>	<u>53,070.96</u>	
Total NJ Department of Environmental Protection									
NJ Bureau of Housing Inspections									
State Inspections Bldg Reimbursement	Prior Years	N/A	24,397.00	10,279.00		10,279.00		-	10,279.00
State Inspections Bldg Reimbursement	1/1/13 - 12/31/13	N/A	10,279.00	14,387.00				14,387.00	
State Inspections Bldg Reimbursement	1/1/13 - 12/31/13	N/A	11,192.00	-	11,192.00			11,192.00	
				<u>10,279.00</u>	<u>-</u>	<u>10,279.00</u>	<u>-</u>	<u>-</u>	
Total NJ Bureau of Housing Inspections									
				<u>57,174.19</u>	<u>52,431.17</u>	<u>56,534.40</u>	<u>-</u>	<u>53,070.96</u>	
Total State Assistance				<u>57,174.19</u>	<u>638,758.18</u>	<u>690,582.37</u>	<u>7,842.11</u>	<u>13,192.11</u>	
Total Federal Awards and State Financial Assistance				<u>\$ 57,174.19</u>	<u>638,758.18</u>	<u>690,582.37</u>	<u>7,842.11</u>	<u>13,192.11</u>	

**NOTES TO SCHEDULE OF EXPENDITURES  
OF STATE AND FEDERAL AWARDS  
DECEMBER 31, 2013**

**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the City of Cape May, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

**Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ -	56,534.40	\$ 56,534.40
General Capital	479,666.96		479,666.96
Current Fund	154,381.01		154,381.01
Total Financial Assistance	<u>\$ 634,047.97</u>	<u>56,534.40</u>	<u>\$ 690,582.37</u>

**CITY OF CAPE MAY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

***Part I -- Summary of Auditor's Results***

**Financial Statement Section**

- A) Type of auditor's report issued: Adverse - GAAP unmodified regulatory basis
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified?                   \_\_\_\_\_ yes      X   no
- 2) Were significant deficiencies identified  
        that were not considered to be material  
        weaknesses?   \_\_\_\_\_ yes      X   no
- C) Noncompliance material to general-purpose  
    financial statements noted?                           \_\_\_\_\_ yes      X   no

**Federal Awards Section**

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee?                   \_\_\_\_\_ yes      X   no    \_\_\_\_\_ n/a
- F) Type of auditor's report on compliance for  
    major programs   Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified?                   \_\_\_\_\_ yes      X   no
- 2) Were significant deficiencies identified  
        that were not considered to be material  
        weaknesses?   \_\_\_\_\_ yes      X   no
- H) Any audit findings disclosed that are required to  
    be reported in accordance with OMB Circular  
    A-133 (section .510(a))?                               \_\_\_\_\_ yes      X   no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	<u>FEMA - Public Assistance for Presidentially Declared Disaster</u>
14.228	<u>Small Cities CDBG</u>

**CITY OF CAPE MAY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

*Part I -- Summary of Auditor's Results*

**State Awards Section - Not Applicable**

- J) Dollar threshold used to determine Type A programs: \_\_\_\_\_
- K) Auditee qualified as low-risk auditee?                    \_\_\_\_\_    yes                    \_\_\_\_\_    no                    \_\_\_\_\_    n/a
- L) Type of auditor's report on compliance for major programs  
\_\_\_\_\_
- M) Internal Control over compliance:
- 1) Material weakness(es) identified?                    \_\_\_\_\_    yes                    \_\_\_\_\_    no
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses?                    \_\_\_\_\_    yes                    \_\_\_\_\_    no
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?                    \_\_\_\_\_    yes                    \_\_\_\_\_    no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

***Part 2 - Schedule of Financial Statement Findings***

NONE

***Part 3 - Schedule of Federal Award Findings and Questioned Costs***

NONE

***STATUS OF PRIOR YEAR FINDINGS***

There were no prior year findings.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2012	\$ 5,557,757.37	2,702.38
Increased by Receipts:		
Tax Collector	23,597,219.58	
Revenue Accounts Receivable	5,294,052.84	
Miscellaneous Revenue	238,546.72	
Due from State - Seniors and Veterans	49,042.35	
Due from Current		1.39
Due from TTL Premium	112,700.00	
Due from Tourism Commission	64,500.00	
Due from Flex Spending	6,000.00	
Due from Grant Fund	40,708.68	
Due from General Capital	260,731.00	
Due from Utility Operating	227.37	
Due from Utility Operating - Lien	1,375.69	
Due to SCBG Econ Loan	43,725.00	
Due to Parking Trust	26,000.00	
Due to COAH	79,267.14	
Due from Street Opening Trust	13,650.00	
Due to P.O.A.A. Trust	2,718.00	
Elections	18,200.00	
Due from Performance Bond	36,825.80	
Payroll & Payroll Taxes Payable	10,254,799.27	
Reserve for Escow Trust	88,271.99	
TTL Exchange	109,715.12	
Due to the State of New Jersey:		
DCA Training Fees	12,339.00	
Marriage Licenses	6,259.00	
	40,356,874.55	1.39
	45,914,631.92	2,703.77

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Decreased by Disbursements:		
Current Year Appropriation	13,723,866.96	
Prior Year Appropriations	464,693.50	
County Taxes	6,884,102.87	
Local District School Taxes	1,498,759.96	
Regional School Taxes	6,472,549.35	
Tax Overpayments	54,010.53	
Due from Tourism Commission	64,300.00	
Due from Flex Spending	6,000.00	
Due from General Capital	260,700.00	
Due from Grant Fund	60,078.40	
Due to Tourism Operating	5,159.00	
Reserve for Escrow Trust	105,454.34	
Payroll & Payroll Taxes Payable	10,219,994.77	
TTL Exchange Account	90,316.96	
Due to Performance Bond	7,712.00	
Elections	18,200.00	
Due to the State of New Jersey:		
DCA Training Fees	12,236.00	
Marriage Licenses	6,105.00	
	39,954,239.64	-
Balance December 31, 2013	\$ 5,960,392.28	2,703.77

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

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	478,100.57		
Taxes Receivable	22,940,475.30		
Revenue Accounts Receivable	103,773.01		
Tax Title and Other Liens	74,870.70		
	<hr/>		<hr/>
			23,597,219.58
			23,597,219.58
Payments to Treasurer			<hr/>
			23,597,219.58
Balance December 31, 2013		\$	<hr/> <hr/> -



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

Balance December 31, 2012		\$ 80,232.68
Increased by:		
Transfers from Taxes Receivable December 4, 2013	554.76	
	554.76	80,787.44
Decreased by:		
Collections	74,870.70	
	74,870.70	5,916.74
Balance December 31, 2013		\$ 5,916.74

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$ -	55,940.00		55,940.00	-
Other	-	311,934.19		311,934.19	-
Fees and Permits	-	187,334.30		187,334.30	-
Fines and Costs:					
Municipal Court	3,336.57	223,461.44		219,724.91	7,073.10
Interest and Costs on Taxes	-	103,773.01	103,773.01		-
Interest Earned on Investments	-	4,821.99		4,821.99	-
Parking Meters	-	1,055,978.91		1,055,978.91	-
Hotel Room Tax	-	1,144,440.00		1,144,440.00	-
Lease and Rental Contracts	-	493,737.35		493,737.35	-
TV Cable Receipts	-	36,478.53		36,478.53	-
Victorian Towers - In Lieu of Taxes	-	159,107.50		159,107.50	-
Emergency Medical Services	-	324,659.66		324,659.66	-
Energy Receipts Tax	-	337,632.00		337,632.00	-
Uniform Construction Code Fees	-	238,258.00		238,258.00	-
Interlocal Services Agreement -					
West Cape May - Police Protection	-	431,884.80		431,884.80	-
Cape May Point - Police Protection	-	260,993.50		260,993.50	-
Beach Utility Debt Service	-	17,265.00		17,265.00	-
Utility Street Improvements	-	50,000.00		50,000.00	-
Miscellaneous Revenue Not Anticipated	-	237,684.74		237,684.74	-
	<u>\$ 3,336.57</u>	<u>5,675,384.92</u>	<u>103,773.01</u>	<u>5,567,875.38</u>	<u>7,073.10</u>

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:					
General Administration	\$ 36,447.75	36,447.75	25,248.59	11,199.16	-
Other Expenses					
Mayor and Council	4,688.45	4,688.45	167.36	4,521.09	-
Other Expenses					
City Clerk	6,332.17	6,332.17	1,944.62	4,387.55	-
Other Expenses					
Financial Administration	3,254.31	3,254.31	2,441.39	812.92	-
Other Expenses	2,435.06	2,435.06	563.70	1,871.36	-
Assessment of Taxes	2,256.72	2,256.72	119.35	2,137.37	-
Collection of Taxes					
Other Expenses					
Legal Services					
Other Expenses					
Miscellaneous Other Expenses	79,021.09	79,021.09	45,791.04	33,230.05	-
Engineering Services					
Other Expenses	9,221.50	9,221.50	1,536.88	7,684.62	-
Emergency Medical Services - Collection					
Contractual Expenses	6,187.99	6,187.99	1,880.70	4,307.29	-
Grants Coordinator					
Other Expenses	10,975.00	10,975.00	2,187.00	8,788.00	-
INSURANCE					
Employee Group Health	318,784.22	318,784.22	194,944.57	123,839.65	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	1,039.08	1,039.08	641.59	397.49	-
Zoning Board of Adjustment					
Other Expenses	4,872.94	4,872.94	810.00	4,062.94	-
PUBLIC SAFETY					
Fire					
Other Expenses	5,837.30	5,837.30	4,727.03	1,110.27	-
Police					
Salaries and Wages	6,902.03	6,902.03	6,249.00	653.03	-
Other Expenses	59,203.81	59,203.81	55,310.61	3,893.20	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Emergency Management Services					
Other Expenses	2,667.87	2,667.87	1,851.92	815.95	-
Parking and Traffic Maintenance					
Other Expenses	14,336.26	14,336.26	7,159.72	7,176.54	-
Municipal Court					
Other Expenses	2,281.81	2,281.81	867.10	1,414.71	-
Public Defender					
Other Expenses	1,425.00	1,425.00	625.00	800.00	-
<b>PUBLIC WORKS FUNCTION</b>					
Road Repair and Maintenance					
Other Expenses	37,898.47	37,898.47	27,459.82	10,438.65	-
Sanitary Landfill - Contractual					
Other Expenses	2,319.17	2,319.17	2,312.01	7.16	-
Recycling					
Other Expenses	12,988.99	12,988.99	10,122.04	2,866.95	-
Public Buildings and Grounds					
Other Expenses	67,207.16	67,207.16	24,134.43	43,072.73	-
Shade Tree Commission					
Other Expenses	14,272.10	14,272.10	5,066.47	9,205.63	-
<b>HEALTH AND HUMAN SERVICES</b>					
<b>PARKS AND RECREATION</b>					
Civic Affairs					
Other Expenses	10,539.30	10,539.30	2,503.12	8,036.18	-
Historic Preservation Commission					
Other Expenses	13,633.39	13,633.39	1,445.71	12,187.68	-
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code					
Construction Official					
Other Expenses	2,594.90	2,594.90	113.80	2,481.10	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
General Office Operations	12,061.12	12,061.12	3,872.19	8,188.93	-
Street Lighting	23,586.57	23,586.57	12,026.89	11,559.68	-
Gas Lighting	4,090.51	4,090.51	3,672.00	418.51	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>STATUTORY EXPENDITURES</b>					
Contribution to:					
Defined Contribution Retirement Program (DCRP)	1,367.50	1,367.50	543.85	823.65	-
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Length of Service Award Program - Fire	22,000.00	22,000.00	16,354.00	5,646.00	-
All Other Accounts - No Change	322,321.17	322,321.17		322,321.17	-
	<u>1,125,050.71</u>	<u>1,125,050.71</u>	<u>464,693.50</u>	<u>660,357.21</u>	<u>-</u>

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

Balance December 31, 2012			
School Tax Payable	\$	(4.24)	
School Tax Deferred		741,960.50	
		741,960.50	\$ 741,956.26
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			1,498,761.00
			2,240,717.26
Decreased by:			
Payments			1,498,759.96
Balance December 31, 2013			
School Tax Payable		(3.20)	
School Tax Deferred		741,960.50	
		741,960.50	741,957.30
Current Year Liability for Local School District School Tax:			
Tax Paid			1,498,759.96
Tax Payable Ending			(3.20)
			1,498,756.76
Less: Tax Payable Beginning			(4.24)
Amount charged to Current Year Operations			\$ 1,498,761.00

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

Balance December 31, 2012			
School Tax Payable	\$	(0.08)	
School Tax Deferred		3,314,243.86	
		3,314,243.86	\$ 3,314,243.78
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			6,316,611.00
			9,630,854.78
Decreased by:			
Payments			6,472,549.35
Balance December 31, 2013			
School Tax Payable		(0.07)	
School Tax Deferred		3,158,305.50	
		3,158,305.50	3,158,305.43
Current Year Liability for Regional School District School Tax:			
Tax Paid			6,472,549.35
Tax Payable Ending			(0.07)
			6,472,549.28
Less: Deferred			155,938.36
Less: Tax Payable Beginning			(0.08)
Amount charged to Current Year Operations			\$ 6,316,611.00

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

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
<b>FEDERAL GRANTS:</b>					
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
<b>Total Federal</b>	<b>223,389.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,389.00</b>
<b>STATE GRANTS:</b>					
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	2,500.00				2,500.00
DEP 2006 Historic Resource Survey #1	19,860.00				19,860.00
DEP 2012 Historic Resource Survey #2	24,999.00				24,999.00
DEP 2013 Historic Resource Survey #3	-	24,999.00			24,999.00
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
Sustainable Jersey Small Cities	5,000.00				5,000.00
<b>Total State</b>	<b>200,789.73</b>	<b>24,999.00</b>	<b>-</b>	<b>-</b>	<b>225,788.73</b>
<b>\$</b>	<b>424,178.73</b>	<b>24,999.00</b>	<b>-</b>	<b>-</b>	<b>449,177.73</b>

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

	Balance December 31, 2012		2013		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
<b>FEDERAL GRANTS:</b>								
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
<b>Total Federal</b>	<b>213,767.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,767.46</b>
<b>STATE GRANTS:</b>								
Clean Communities	13,235.37		17,110.65		12,899.28			17,446.74
New Jersey Forest Service Grant (CSIP)	115.51							115.51
Supplemental Fire Services Program	1,948.20							1,948.20
Solid Waste Management Grant	8,660.82		10,321.52		8,357.12			10,625.22
NJDEP Certified Local Government Program	18,689.58							18,689.58
DOT Local Aid for Centers of Place Program	15,374.85							15,374.85
Green Communities Program	2,520.00							2,520.00
Special Legislative Grant - Convention Hall	14,412.00							14,412.00
Environmental Services Program	260.00							260.00
NJDOT - 2003 Shade Tree Sidewalk	4,559.50							4,559.50
DEP 2006 Historic Resource Survey #1	21,360.00							21,360.00
DEP 2012 Historic Resource Survey #2	24,999.00				24,999.00			21,360.00
DEP 2013 Historic Resource Survey #3	-		24,999.00					24,999.00
NJ Environmental Protection	306.90							306.90
Tree Planting Grant	117.65							117.65
Body Armor Grant	2,743.15							2,743.15
Coastal Planning Grant	10.00							10.00
Housing Inspections	24,666.00				10,279.00			25,579.00
Drunk Driving Enforcement	6,787.10		11,192.00					6,787.10
Alcohol Education and Rehabilitation	1,555.88							1,555.88
Rutgers University - Municipal Incentive Program	1,733.00							1,733.00
Community Forestry Council	3,190.00							3,190.00
Smart Future Program	40,000.00							40,000.00
NJ Dept Law & PS - Underage Drinking	4,413.38							4,413.38
Enforcing Underage Drinking	8,044.19							8,044.19
NJ Highway Safety - Click It or Ticket	855.43							855.43
NJLPS COPS in Shops	3,024.84							3,024.84
NJ Trans Trust - 2008	5,030.00							5,030.00
Sustainable Jersey Small Cities	10,000.00							10,000.00
<b>Total State</b>	<b>238,612.35</b>	<b>-</b>	<b>63,623.17</b>	<b>-</b>	<b>56,534.40</b>	<b>-</b>	<b>-</b>	<b>245,701.12</b>
<b>OTHER GRANTS:</b>								
Geraldine R. Dodge Foundation	10,842.94				2,644.00			8,198.94
Estate of Edward Ross	80,000.00				900.00			79,100.00
<b>Total Other</b>	<b>90,842.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,544.00</b>	<b>-</b>	<b>-</b>	<b>87,298.94</b>
<b>\$</b>	<b>543,222.75</b>	<b>-</b>	<b>63,623.17</b>	<b>-</b>	<b>60,078.40</b>	<b>-</b>	<b>-</b>	<b>546,767.52</b>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
<b>FEDERAL GRANTS:</b>					
None	-				-
<b>Total Federal</b>	-	-	-	-	-
<b>STATE GRANTS:</b>					
Housing Inspections	-	11,192.00	11,644.00		452.00
NJ Environmental Protection	2,346.90				2,346.90
Body Armor Grant	-		2,897.47		2,897.47
Clean Communities	-	17,110.65	17,110.65		-
Recycling Tonnage	10,321.52	10,321.52	9,056.56		9,056.56
<b>Total State</b>	<u>12,668.42</u>	<u>38,624.17</u>	<u>40,708.68</u>	<u>-</u>	<u>14,752.93</u>
<b>\$</b>	<u>12,668.42</u>	<u>38,624.17</u>	<u>40,708.68</u>	<u>-</u>	<u>14,752.93</u>

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

Balance December 31, 2012		\$	2,091.94
Increased By Receipts:			
Dog License Fees	812.00		
Late Fees	88.00		
State License Fees	187.20		
Interest Earned	1.38		
			1,088.58
			3,180.52
Decreased By Disbursements:			
Paid to State of NJ	190.60		
Dog Fund Expenditures	175.05		
			365.65
Balance December 31, 2013		\$	2,814.87

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

Balance December 31, 2012		\$ 2,137,348.49
Increased By Receipts:		
Unemployment Contributions	35,500.00	
Retirement Contributions	31,060.26	
Lifeguard Pensions	28,210.91	
Tax Premiums	10.43	
Police Forfeiture Account	0.82	
POAA Receipts	6.61	
Parking Escrow	10.18	
Fishermen's Memorial Account	1,041.40	
Police Off-Duty Account	8.08	
Neighborhood Revitalization	72.91	
Security Deposits	15.87	
DARE Receipts	0.27	
SCBG Loan	350.20	
Public Assistance	1.82	
Performance Bond	7,824.32	
Street Opening	31.41	
COAH	123.71	
Fire Safety	5.34	
	<hr/>	<hr/>
		104,274.54
		<hr/>
		2,241,623.03
Decreased By Disbursements:		
Retirement Fund	66,642.02	
Unemployment	36,172.03	
Tax Premiums	35,700.00	
POAA Disbursements	9,628.84	
Lifeguard Pension	14,463.80	
Performance Bond	174,740.16	
	<hr/>	<hr/>
		337,346.85
		<hr/>
Balance December 31, 2013		\$ <u><u>1,904,276.18</u></u>

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

Balance December 31, 2012	\$	2,076.24
Increased By:		
Dog Licenses Fees Collected	\$	812.00
Late Fees Collected		88.00
Interest Received		1.38
		901.38
		2,977.62
Decreased By:		
Animal Control Expenditures		175.05
Statutory Excess due to Current Fund		866.98
		1,042.03
Balance December 31, 2013	\$	1,935.59

License Fees Collected	<u>Year</u>	
	2011	983.28
	2012	952.31
	\$	1,935.59

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

Balance December 31, 2012		\$ 3,892,930.72
Increased by:		
Due to Current Fund	366,449.97	
Grant Receivable	400,000.00	
Reserve for Open Space	222,000.00	
Reserve for Payment of Bonds	135,000.00	
Capital Improvement Fund	60,000.00	
Bond Premium	78,296.94	
Bond Anticipation Notes	7,635,000.00	
General Serial Bond Issued	10,700,000.00	
	<hr/>	<u>19,596,746.91</u>
		23,489,677.63
Decreased by:		
Improvement Authorizations	4,653,855.59	
Due from Current Fund	366,449.97	
Bond Anticipation Notes	15,295,000.00	
	<hr/>	<u>20,315,305.56</u>
Balance December 31, 2013		\$ <u><u>3,174,372.07</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance	
	Dec. 31, 2012		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2013	
Fund Balance	\$ 107,865.38		78,296.94						186,162.32	
Capital Improvement Fund	76,250.00		60,000.00				88,750.00		47,500.00	
Contracts Payable	-								-	
Reserve for Debt Service	2,469,361.39						2,469,361.39	1,230,413.38	1,230,413.38	
Encumbrances Payable	744,182.19		135,000.00						879,182.19	
Reserve for Payment of Bonds	2,054,569.00		222,000.00						2,276,569.00	
Reserve for Open Space	11,575.60							15,000.00		
Reserve Other - Mall Improvements	(35,670.53)								(35,670.53)	
NJEIT Loan Receivable	(110,436.77)		400,000.00				400,000.00		(110,436.77)	
State Grant Receivable	-		366,449.97			366,449.97	31.00		(31.00)	
Due to Current Fund										
<b>Improvement Authorizations:</b>										
1122 Various Capital Improvements	2,705.80									2,705.80
1153 Rehabilitation to Bus/Train Station	30,051.05									30,051.05
1261 Property Acquisition	2,890.28									2,890.28
1264 Property Acquisition	(7,163.67)				1,704.25			476.55		(8,391.37)
1324 Property Acquisition	165,947.40				72,669.38		118.31	14,700.00		107,859.71
28-2005 Various Capital Improvements	381.60				161,916.79			165,270.44		3,735.25
72-2006 Entrance Way Improvements	1,070.94									1,070.94
79-2006 Various Improvements	49,086.99			300,000.00	6,450.54		1,783.00	5,710.35		48,346.50
104-2007 Washington Street Mall	47,293.53				196,433.41			99,655.84		248,732.96
110-2007 Various Improvements	9,511.91				9,199.20			203.14		515.85
113-2007 Harborview Park	1,294.80				600.00					694.80
151-2008 Various Improvements	(69,046.60)			40,000.00	75,522.80		2,557.54	67,699.20		(76,870.20)
161-2008 Convention Hall	(41,250.00)				4,691.88		91,500.00	12,584.38		4,084.96
167-2008 Rotary Park	-							13,816.10		-
180-2009 Various Improvements	(39,493.05)				59,581.51					(85,258.46)
205-2010 Storm Water Collection	17,574.35				20,056.00					(2,481.65)
206-2010 Various Improvements	(209,225.81)			200,000.00	129,198.51		100,730.00	253,277.54		14,123.22
232-2011 Various Improvements	(525,013.24)			600,000.00	265,692.98		305,559.19	545,892.41		49,627.00
235-2011 ADA Improvements	(99,069.16)			100,000.00	7,186.11		656.00	7,842.11		930.84
252-2012 Various Improvements	(762,312.66)			1,200,000.00	1,379,407.04		26,830.59	1,175,733.33		207,183.04
263-2013 Acquisition of Open Space				600,000.00	2,003,690.07		28,204.06	31.00		(2,031,863.13)
269-2013 Various Improvements					248,518.74		475,983.62	475,000.00		350,497.64
270-2013 Various Improvements					11,336.38		196,491.07	13,750.00		(194,077.45)
	\$ 3,892,930.72		1,261,746.91	3,040,000.00	4,653,855.59	366,449.97	4,189,555.77	4,188,555.77		3,174,372.07

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

Balance December 31, 2012		\$	76,250.00
Increased by:			
Budget Appropriation	60,000.00		
	<hr/>		<hr/>
			60,000.00
			136,250.00
Decreased by:			
Improvement Authorizations Funded	88,750.00		
	<hr/>		<hr/>
			88,750.00
Balance December 31, 2013		\$	<u><u>47,500.00</u></u>

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

Balance December 31, 2012		\$ 7,132,618.95
Increased by:		
Serial Bond Issued	10,700,000.00	
		10,700,000.00
		17,832,618.95
Decreased by:		
Serial Bonds Paid	1,514,200.08	
Green Trust Loan Principal Paid	142,733.71	
NJEIT Bonds & Loans	15,384.56	
		1,672,318.35
Balance December 31, 2013		\$ <u><u>16,160,300.60</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Balance Dec. 31, 2013	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
		\$ 300,000.00				300,000.00			300,000.00
1261	Property Acquisition	15,970,000.00		(15,000.00)		15,985,000.00			15,976,608.63
1264	Property Acquisition	835,000.00		25,000.00	810,000.00	-			-
1324	Property Acquisition	1,535,000.00		45,000.00		1,490,000.00	1,325,000.00		165,000.00
104-2007	Washington Street Mall	1,220,000.00		65,000.00		1,155,000.00	1,075,000.00	76,870.20	3,129.80
151-2008	Various Improvements	9,041,250.00			9,040,000.00	1,250.00			1,250.00
161-2008	Construction of New Convention Hall	950,000.00			850,000.00	100,000.00			14,741.54
180-2009	Various Improvements	261,250.00		15,000.00		246,250.00	185,000.00	85,258.46	58,768.35
205-2010	Storm Water Collection	1,425,000.00				1,425,000.00	1,350,000.00		75,000.00
206-2010	Various Improvements	1,425,000.00				1,425,000.00	1,400,000.00		25,000.00
232-2011	Various Improvements	500,000.00				500,000.00	500,000.00		-
235-2011	ADA Improvements	1,425,000.00				1,425,000.00	1,200,000.00		225,000.00
252-2012	Various Improvements	-	3,400,000.00			3,400,000.00	600,000.00	2,031,863.13	1,368,136.87
263-2013	Acquisition of Open Space	-	1,425,000.00			1,425,000.00			825,000.00
269-2013	Various Improvements	-	261,250.00			261,250.00		194,077.45	67,172.55
270-2013	Storm Water Collection System	-							
		\$ 34,887,500.00	5,086,250.00	135,000.00	10,700,000.00	29,138,750.00	7,635,000.00	2,398,942.26	19,104,807.74

Improvement Authorizations Unfunded  
Less:

Unexpended Proceeds of Bond  
Anticipation Notes Issued:

Ord. Number	Amount
104-2007	(248,732.96)
161-2008	(4,084.96)
206-2010	(14,123.22)
232-2011	(49,627.00)
235-2011	(930.84)
252-2012	(207,183.04)
269-2013	(350,497.64)
	(875,179.66)

19,979,987.40

19,104,807.74

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1122	Various Improvements	4/1/1991	392,450	\$	2,705.80				2,705.80	
1153	Bus/Train Station	6/22/1998	600,000		30,051.05				30,051.05	
1261	Property Acquisition	5/21/2002	475,000		2,890.28				2,890.28	300,000.00
1264	Property Acquisition	6/18/2002	16,000,000					1,227.70		15,977,608.63
1324	Property Acquisition	2/17/2004	1,100,000		165,947.40			58,087.69		
28-2005	Various Improvements	5/17/2005	2,050,000		381.60			(3,353.65)		
72-2006	Entrance Way Improvements	8/15/2006	280,000		1,070.94			740.19		
79-2006	Various Improvements	10/17/2006	1,500,000		49,086.99			98,560.57		
104-2007	Washington Street Mall	5/15/2007	3,500,000		47,293.53			8,996.06		
110-2007	Various Improvements	6/19/2007	1,200,000		9,511.91					
113-2007	Harborview Park	7/17/2007	102,109		1,294.80					
151-2008	Various Improvements	5/20/2008	1,400,000		10,953.40					413,732.96
161-2008	Construction of a New Convention Hall	8/19/2008	10,500,000		-			7,823.60		3,129.80
180-2009	Various Improvements	5/19/2009	1,000,000		60,506.95			(5,334.96)		5,334.96
205-2010	Storm Water Collection	5/18/2010	275,000		17,574.35			45,765.41		14,741.54
206-2010	Various Improvements	6/15/2010	1,500,000		65,774.19			20,056.00		58,768.35
232-2011	Various Improvements	3/22/2011	1,500,000		99,986.76			(23,349.03)		89,123.22
235-2011	ADA Improvements	6/8/2011	500,000		930.84			25,359.76		74,627.00
252-2012	Various Improvements	5/15/2012	2,080,000		662,687.34					930.84
263-2013	Acquisition of Open Space	3/19/2013	3,400,000				31.00	230,504.30		432,183.04
269-2013	Various Improvements	5/21/2013	1,900,000				475,000.00	724,502.36		1,368,136.87
270-2013	Storm Water Collection System	6/3/2013	275,000				13,750.00	207,827.45		1,175,497.64
					\$	327,808.65	17,704,925.81	488,781.00	5,086,250.00	19,979,987.40



**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013	Date	Amount	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Conservation Area Development	2/8/1994	1,851,041				2.000%	\$ 127,071.23		127,071.23	-
Harborview Park	11/3/2005	324,621				2%	230,071.89		15,662.48	214,409.41
							\$ 357,143.12		142,733.71	214,409.41

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

**GENERAL CAPITAL FUND  
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013	
			Date	Outstanding December 31, 2013 Amount						
Various Capital Improvements NJ-EIT	10/17/2001	61,250	8/1/2014	2,450.00	5.000%	36,750.00		2,450.00	34,300.00	
			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%					
						None	30,125.18		2,749.38	27,375.80
		10/17/2001	63,933	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						

**GENERAL CAPITAL FUND  
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Outstanding December 31, 2013 Amount					
Various Capital Improvements NJ-EIT	10/17/2001	115,970	2/1/2014	950.37	None	52,262.32		5,285.18	46,977.14
			8/1/2014	5,762.37					
			2/1/2015	830.07					
			8/1/2015	5,642.07					
			2/1/2016	709.77					
			8/1/2016	5,521.77					
			2/1/2017	589.47					
			8/1/2017	5,401.47					
			2/1/2018	469.17					
			8/1/2018	5,281.17					
			2/1/2019	348.87					
			8/1/2019	5,160.87					
			2/1/2020	228.57					
			8/1/2020	5,040.57					
			2/1/2021	114.28					
			8/1/2021	4,926.28					
	Various Capital Improvements NJ-EIT	10/17/2001	110,250	8/1/2014	7,350.00	5.000%	63,700.00		4,900.00
			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%				
\$						182,837.50	-	15,384.56	167,452.94

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Convention Hall Improvements	1324-2004	10/9/2008	7/19/2012	7/19/2013	1.500% \$	820,000.00	-	820,000.00	-
Washington Street Mail	104-2007	10/9/2008	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	1,070,000.00	1,325,000.00	1,070,000.00	1,325,000.00
Various Capital Improvements	151-2008	10/9/2008	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	1,140,000.00	1,075,000.00	1,140,000.00	1,075,000.00
Various Improvements	180-2009	7/21/2010	7/19/2012	7/19/2013	1.500%	850,000.00	-	850,000.00	-
Storm Water Collection	205-2010	7/12/2010	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	200,000.00	185,000.00	200,000.00	185,000.00
Various Improvements	206-2010	7/21/2010	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	1,150,000.00	1,350,000.00	1,150,000.00	1,350,000.00
Various Improvements	232-2011	7/20/2011	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	800,000.00	1,400,000.00	800,000.00	1,400,000.00
Various Improvements	235-2011	7/19/2012	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	400,000.00	500,000.00	400,000.00	500,000.00
Convention Hall	161-2008	7/20/2011	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	9,000,000.00	-	9,000,000.00	-
Various Improvements	252-2012	5/15/2012	7/18/2013	7/18/2014	1.000%	-	1,200,000.00	-	1,200,000.00
Various Improvements	269-2013	5/21/2013	7/18/2013	7/18/2014	1.000%	-	600,000.00	-	600,000.00
					\$	<u>15,430,000.00</u>	<u>7,635,000.00</u>	<u>15,430,000.00</u>	<u>7,635,000.00</u>

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

Ordinance Number	Improvement Description	Balance		2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
		Dec. 31, 2012					
1261	Property Acquisition	\$ 300,000.00					300,000.00
1264	Property Acquisition	15,985,000.00					15,985,000.00
104-2007	Washington Street Mall	465,000.00			300,000.00		165,000.00
151-2008	Various Improvements	80,000.00					80,000.00
161-2008	Construction of a New Convention Hall	41,250.00				40,000.00	1,250.00
180-2009	Various Improvements	100,000.00					100,000.00
205-2010	Storm Water Collection	61,250.00					61,250.00
206-2010	Various Improvements	275,000.00			200,000.00		75,000.00
232-2011	Various Improvements	625,000.00			600,000.00		25,000.00
235-2011	ADA Improvements	100,000.00			100,000.00		-
252-2012	Various Improvements	1,425,000.00		3,400,000.00	1,200,000.00		225,000.00
263-2013	Acquisition of Open Space	-		1,425,000.00			3,400,000.00
269-2013	Various Improvements	-		261,250.00	600,000.00		825,000.00
270-2013	Storm Water Collection System	-					261,250.00
		\$ 19,457,500.00		5,086,250.00	3,000,000.00	40,000.00	21,503,750.00

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2012	\$ 2,167,156.69	2,829,119.57
Increased by Receipts:		
Water and Sewer Rent Collected	5,834,752.70	
Capital Improvement Fund		20,000.00
Due to Utility Operating Fund		117,050.00
Due to Current Fund	2,349.26	
Bond Premium		32,723.96
Bond Anticipation Note		4,400,000.00
Serial Bonds Issued		2,335,000.00
Reserve for Amortization		227,547.00
Miscellaneous Revenue	68,403.09	
	<u>5,905,505.05</u>	<u>7,132,320.96</u>
	8,072,661.74	9,961,440.53
Decreased by Disbursements:		
Current Appropriations	5,928,645.70	
Appropriation Reserves	97,678.43	
Refund Overpayments	426.98	
Improvement Authorizations		940,753.73
Bond Anticipation Note		5,435,000.00
Due to Utility Operating Fund		117,050.00
Due to Current Fund	2,349.26	
	<u>6,029,100.37</u>	<u>6,492,803.73</u>
Balance December 31, 2013	\$ <u>2,043,561.37</u>	<u>3,468,636.80</u>

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

	Balance Dec. 31, 2012	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
\$									
Fund Balance	152,983.92	32,723.96							185,707.88
Capital Improvement Fund	30,000.00	20,000.00							50,000.00
Due to Utility Operating	(97,782.30)	117,050.00				117,050.00			(97,782.30)
Reserve for Debt Service	505,007.60								505,007.60
Reserve for Amortization	687,283.00	227,547.00							914,830.00
NJEIT Loans Receivable	(37,126.47)								(37,126.47)
Encumbrances Payable	1,421,826.88					1,421,826.88		1,590,516.19	1,590,516.19
<u>Improvement Authorizations:</u>									
1291 Various Utility Improvements	4,088.98				13,588.69			12,585.00	3,085.29
36-2005 Various Utility Improvements	(30,671.79)				10,398.95				(41,070.74)
61-2006 System Improvements	253.90							6,730.29	6,984.19
62-2006 System Improvements (USDA)	9,247.84				2,011.00			400.00	7,636.84
109-2007 System Improvements	7.17							7,000.00	7,007.17
149-2008 System Improvements	(93,785.36)				1,031.25				(93,785.36)
154-2008 System Improvements	14,055.91								13,024.66
155-2008 System Improvements	(3,361.23)			500,000.00	471,230.75		1,190,887.78	1,068,380.95	(97,098.81)
179-2009 System Improvements	212,495.63				15,500.00				196,995.63
207-2010 System Improvements	3,082.80								3,082.80
230-2011 System Improvements	2,525.77			400,000.00	15,272.65		7,787.81	25,863.14	405,328.45
250-2012 System Improvements	48,987.12			200,000.00	364,315.09		26,739.20	300,867.50	158,800.33
268-2013 System Improvements	-			200,000.00	47,405.35		365,101.40		(212,506.75)
	<u>2,829,119.57</u>	<u>397,320.96</u>		<u>1,300,000.00</u>	<u>940,753.73</u>	<u>117,050.00</u>	<u>3,012,343.07</u>	<u>3,012,343.07</u>	<u>3,468,636.80</u>

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

Balance December 31, 2012		\$	21,891.10
Increased by Receipts:			
Consumer Accounts Charges and Levies	5,950,388.28		
			5,950,388.28
			5,972,279.38
Decreased by Disbursements:			
Collections	5,834,752.70		
Other	202.47		
			5,834,955.17
Balance December 31, 2013		\$	137,324.21

**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF UTILITY LIENS**

Balance December 31, 2012		\$	1,375.69
Increased by Receipts:			
None	-		
			-
			1,375.69
Decreased by Disbursements:			
Collections	1,375.69		
			1,375.69
Balance December 31, 2013		\$	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Other Expenses	\$ 459,690.41	459,690.41	97,678.43	362,011.98	-
All Other Accounts - No Change	58,309.98	58,309.98		58,309.98	-
	<u>\$ 518,000.39</u>	<u>518,000.39</u>	<u>97,678.43</u>	<u>420,321.96</u>	<u>-</u>

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

Balance December 31, 2012		\$	142,854.48
Increased by:			
Budget Appropriations	144,394.35		
	144,394.35		287,248.83
Decreased By:			
Payments of Debt Service Interest	142,854.48		
	142,854.48		144,394.35
Balance December 31, 2013		\$	144,394.35

Analysis of Accrued Interest December 31, 2013

Principal Outstanding December 31, 2013	Interest Rate	From	To	Days	Amount
240,000.00	Var.	11/1/2013	12/31/2013	60	1,400.00
652,020.01	5.00%	7/20/2013	12/31/2013	164	14,022.85
59,970.00	5.00%	12/24/2013	12/31/2013	7	55.65
2,070,000.00	3.00%	10/1/2013	12/31/2013	91	37,687.50
2,335,000.00	Var.	7/15/2013	12/31/2013	169	31,841.56
2,017,919.20	4.50%	12/15/2013	12/31/2013	16	3,762.72
1,121,228.58	4.50%	12/15/2013	12/31/2013	16	13,192.42
1,221,768.27	3.75%	2/1/2013	12/31/2013	333	7,612.95
1,368,380.47	3.75%	2/1/2013	12/31/2013	333	8,526.51
240,000.00	Var.	10/15/2013	12/31/2013	77	4,500.00
35,700.00	5.00%	10/17/2013	12/31/2013	75	733.13
61,200.00	5.00%	10/17/2013	12/31/2013	75	1,259.06
4,400,000.00	Var.	BANS			19,800.00
					144,394.35
					144,394.35

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations			Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
1291	Various Utility Improvements	4/14/2003	550,000	\$ 4,088.98				1,003.69	3,085.29	
36-2005	Various Utility Improvements	6/21/2005	2,000,000		85,864.21			10,398.95		75,465.26
61-2006	Various Utility Improvements	5/16/2006	1,000,000	253.90				(6,730.29)		6,984.19
62-2006	Various Utility Improvements	5/16/2006	1,500,000	9,247.84				1,611.00	7,636.84	
109-2007	System Improvements	6/19/2007	1,000,000	7.17				(7,000.00)	7,007.17	
149-2008	System Improvements	5/20/2008	1,000,000		6,214.64					6,214.64
154-2008	System Improvements	6/17/2008	2,000,000	14,055.91				1,031.25	13,024.66	
155-2008	System Improvements	6/17/2008	2,100,000		896,638.77			593,737.58		302,901.19
179-2009	System Improvements	5/19/2009	900,000	212,495.83	200,000.00			15,500.00	196,995.83	200,000.00
207-2010	System Improvements	6/15/2010	1,000,000	3,082.80	100,000.00				3,082.80	100,000.00
230-2011	System Improvements	3/22/2011	1,350,000	156,677.47	595,848.30			(2,802.68)	156,677.47	598,650.98
250-2012	System Improvements	5/15/2012	1,263,000	150,000.00	811,987.12			90,186.79	59,813.21	811,987.12
268-2013	System Improvements	5/21/2013	1,050,000				1,050,000.00	412,506.75		637,493.25
				\$ 549,909.90	2,696,553.04	-	1,050,000.00	1,109,443.04	447,323.27	2,739,696.63

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
System Improvements	1/20/1981	1,903,000	1/20/2014	80,228.00	5.000% \$	728,427.63		76,407.62	652,020.01
			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	6/24/2014	5,450.00	5.000%	65,160.00		5,190.00	59,970.00
			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				180,000.00		180,000.00	-

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
General Improvement Bonds	11/1/2004	1,970,000	11/1/2014	240,000.00	3.50%	470,000.00		230,000.00	240,000.00
Various Capital Improvements	11/1/2008	3,630,000	10/1/2014	380,000.00	5.00%	2,410,000.00		340,000.00	2,070,000.00
			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%							
Various Capital Improvements	7/15/2013	2,335,000	7/15/2014	145,000.00	2.00%	-	2,335,000.00		2,335,000.00
			7/15/2015	150,000.00	2.00%				
			7/15/2016	160,000.00	3.00%				
			7/15/2017	170,000.00	3.00%				
			7/15/2018	180,000.00	3.00%				
			7/15/2019	190,000.00	3.00%				
			7/15/2020	200,000.00	3.00%				
			7/15/2021	210,000.00	3.00%				
			7/15/2022	240,000.00	3.00%				
			7/15/2023	260,000.00	3.25%				
7/15/2024	280,000.00	3.50%							
7/15/2025	150,000.00	4.00%							
						\$ 3,853,587.63	2,335,000.00	831,597.62	5,356,990.01

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Water Desalination USDA-FmHA	12/15/1998	2,500,000	2014	45,044.75	4.500% \$	2,061,003.35		43,084.15	2,017,919.20
			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						
Water Desalination NJ-EIT	10/15/1998	690,000	8/1/2014	45,000.00	Var.	280,000.00		40,000.00	240,000.00
			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	2014	35,544.16	None	207,452.63		33,505.79	173,946.84
			2015	34,254.26					
			2016	36,149.31					
			2017	34,716.08					
		2018	33,283.03						

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
System Improvements NJ-EIT	10/17/2001	63,750	8/1/2014	2,550.00	5.000%	38,250.00		2,550.00	35,700.00
			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%					
NJ-EIT	10/17/2001	66,542	2014	2,771.41	None	31,354.78		2,861.60	28,493.18
			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	114,750	8/1/2014	7,650.00	5.000%	66,300.00		5,100.00	61,200.00
			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	2014	6,986.73	None	54,395.49		5,500.90	48,894.59
			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						

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
			December 31, 2013	Amount					
System Improvements USDA	10/12/2007	1,200,000	4/12/14	7,505.89	4.250%	1,135,775.07		14,546.49	1,121,228.58
			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%				
			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%					

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
	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%				

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
			December 31, 2013	Amount					
System Improvements USDA	10/27/2011	1,250,000	4/27/14	14,922.28	3.750%	1,236,146.33		14,378.06	1,221,768.27
			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%					

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
			December 31, 2013	Amount					
System Improvements USDA	10/27/2011	1,400,000	4/27/14	16,712.97	3.750%	1,384,483.89		16,103.42	1,368,380.47
			4/27/15	17,345.57	3.750%				
			4/27/16	18,002.13	3.750%				
			4/27/17	18,683.54	3.750%				
			4/27/18	19,390.74	3.750%				
			4/27/19	20,124.71	3.750%				
			4/27/20	20,886.46	3.750%				
			4/27/21	21,677.05	3.750%				
			4/27/22	22,497.56	3.750%				
			4/27/23	23,349.12	3.750%				
			4/27/24	24,232.93	3.750%				
			4/27/25	25,150.18	3.750%				
			4/27/26	26,102.15	3.750%				
			4/27/27	27,090.16	3.750%				
			4/27/28	28,115.56	3.750%				
			4/27/29	29,179.78	3.750%				
			4/27/30	30,284.28	3.750%				
			4/27/31	31,430.59	3.750%				
			4/27/32	32,620.29	3.750%				
			4/27/33	33,855.02	3.750%				
			4/27/34	35,136.48	3.750%				
			4/27/35	36,466.46	3.750%				
			4/27/36	37,846.76	3.750%				
			4/27/37	39,279.32	3.750%				
			4/27/38	40,766.11	3.750%				
			4/27/39	42,309.17	3.750%				
			4/27/40	43,910.64	3.750%				
			4/27/41	45,572.72	3.750%				
			4/27/42	47,297.72	3.750%				
			4/27/43	49,088.01	3.750%				
			4/27/44	50,946.07	3.750%				
			4/27/45	52,874.46	3.750%				
		4/27/46	54,875.84	3.750%					
		4/27/47	56,952.98	3.750%					
		4/27/48	59,108.74	3.750%					
		4/27/49	61,346.10	3.750%					
		4/27/50	63,668.14	3.750%					
		4/27/51	66,078.08	3.750%					
		4/27/52	(1,874.12)	3.750%					

\$ 6,495,161.54 - 177,630.41 = 6,317,531.13

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Utility Improvements	62-2006	10/12/2007	7/19/2012	7/19/2013	1.500% \$	200,000.00		200,000.00	-
Various Utility Improvements	149-2008	7/23/2008	7/19/2012	7/19/2013	1.500%	870,000.00		870,000.00	-
Various Utility Improvements	36-2005	7/21/2010	7/19/2012	7/19/2013	1.500%	200,000.00		200,000.00	-
System Improvements	154-2008	7/21/2010	7/19/2012	7/19/2013	1.500%	600,000.00		600,000.00	-
System Improvements	155-2008	7/19/2012	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	1,200,000.00	1,700,000.00	1,200,000.00	1,700,000.00
System Improvements	179-2009	7/21/2010	7/19/2012	7/19/2013	1.500%	700,000.00		700,000.00	-
System Improvements	207-2010	7/21/2010	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	900,000.00	900,000.00	900,000.00	-
System Improvements	230-2011	7/20/2011	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	600,000.00	1,200,000.00	600,000.00	1,200,000.00
System Improvements	250-2012	7/19/2012	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	200,000.00	400,000.00	200,000.00	400,000.00
System Improvements	268-2013	7/18/2013	7/18/2013	7/18/2014	1.000%		200,000.00		200,000.00
					\$	<u>5,470,000.00</u>	<u>4,400,000.00</u>	<u>5,470,000.00</u>	<u>4,400,000.00</u>

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

Ordinance Number	Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
36-2005	Various Utility Improvements	\$ 116,536.00				116,536.00
155-2008	System Improvements	700,000.00		500,000.00		200,000.00
179-2009	System Improvements	200,000.00				200,000.00
207-2010	System Improvements	100,000.00				100,000.00
230-2011	System Improvements	750,000.00		400,000.00		350,000.00
250-2012	System Improvements	913,000.00		200,000.00		713,000.00
268-2013	System Improvements	-	1,050,000.00	200,000.00		850,000.00
		<u>\$ 2,779,536.00</u>	<u>1,050,000.00</u>	<u>1,300,000.00</u>	<u>-</u>	<u>2,529,536.00</u>

**BEACH UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2012	\$ 375,199.87	427,587.78
Increased by Receipts:		
Beach Rent Collected	2,112,737.62	
Reimbursements	149,870.06	
Bond Premium		11,468.60
BANS		2,005,000.00
Capital Improvement Fund		75,000.00
Miscellaneous Revenue Not Anticipated	48,997.90	
Beach Utility Capital Surplus	40,000.00	
	2,351,605.58	2,091,468.60
Decreased by Disbursements:		
Current Appropriations	2,265,712.06	
Appropriation Reserves	30,662.56	
BANS		1,705,000.00
Improvement Authorizations		246,881.63
Beach Utility Capital Surplus		40,000.00
	2,296,374.62	1,991,881.63
Balance December 31, 2013	\$ 430,430.83	527,174.75

**BEACH UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2013	
		Miscellaneous			Improvement Authorizations	Miscellaneous	From	To		
\$	56,502.24	11,468.60							27,970.84	
Capital Improvement Fund	114,000.00	75,000.00			40,000.00				189,000.00	
Reserve for Amortization	174,000.00								174,000.00	
Encumbrances Payable	16,716.90						16,716.90	14,342.44	14,342.44	
<u>Improvement Authorizations:</u>										
Ord. Number										
29-2005	(66,348.42)								(66,348.42)	
63-2006	(32,111.88)								(32,111.88)	
108-2007	(54,871.76)								(54,871.76)	
150-2008	35,724.64								24,636.84	
178-2009	(7,808.73)				21,528.43				(25,032.09)	
188-2009	675.00								10,606.90	
208-2010	49,831.70								49,831.70	
231-2011	131,217.50			100,000.00					131,217.50	
236-2011	10,060.59			100,000.00	148,709.45				110,060.59	
251-2012	-			100,000.00	76,643.75			774.71	(48,709.45)	
267-2013	-								22,581.54	
	<u>427,587.78</u>	<u>86,468.60</u>		<u>300,000.00</u>	<u>246,881.63</u>		<u>31,059.34</u>	<u>31,059.34</u>	<u>527,174.75</u>	

**BEACH UTILITY OPERATING FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Other Expenses	\$ 48,479.25	48,479.25	30,662.56	17,816.69	-
All Other Accounts - No Change	5,546.02	5,546.02		5,546.02	-
	<u>\$ 54,025.27</u>	<u>54,025.27</u>	<u>30,662.56</u>	<u>23,362.71</u>	<u>-</u>

**BEACH UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS  
AND NOTES AND ANALYSIS OF BALANCE**

Balance December 31, 2012	\$	10,378.13
Increased by:		
Budget Appropriations	7,518.75	
		7,518.75
		17,896.88
Decreased By:		
Payments of Debt Service Interest	10,378.13	
		10,378.13
Balance December 31, 2013	\$	7,518.75

Analysis of Accrued Interest December 31, 2013

Principal Outstanding December 31, 2013	Interest Rate	From	To	Days	Amount
500,000.00	1.00%	7/22/2013	12/31/2013	162	1,875.00
400,000.00	1.00%	7/22/2013	12/31/2013	162	1,500.00
80,000.00	1.00%	7/22/2013	12/31/2013	162	300.00
180,000.00	1.00%	7/22/2013	12/31/2013	162	675.00
110,000.00	1.00%	7/22/2013	12/31/2013	162	412.50
90,000.00	1.00%	7/22/2013	12/31/2013	162	337.50
145,000.00	1.00%	7/22/2013	12/31/2013	162	543.75
50,000.00	1.00%	7/22/2013	12/31/2013	162	187.50
150,000.00	1.00%	7/22/2013	12/31/2013	162	562.50
100,000.00	1.00%	7/22/2013	12/31/2013	162	375.00
100,000.00	1.00%	7/22/2013	12/31/2013	162	375.00
100,000.00	1.00%	7/22/2013	12/31/2013	162	375.00
2,005,000.00					7,518.75



**BEACH UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		
						Dec. 31, 2012	Dec. 31, 2013	
						Increased	Decreased	
Various Utility Improvements	29-2005	7/21/2010	7/20/2011 7/18/2013	7/20/2012 7/18/2014	1.500% \$ 1.000%	500,000.00	525,000.00	500,000.00
Various Utility Improvements	63-2006	7/21/2010	7/20/2011 7/18/2013	7/20/2012 7/18/2014	1.500% 1.000%	400,000.00	425,000.00	400,000.00
Various Utility Improvements	108-2007	7/21/2010	7/20/2011 7/18/2013	7/20/2012 7/18/2014	1.500% 1.000%	80,000.00	90,000.00	80,000.00
Various Utility Improvements	150-2008	7/21/2010	7/20/2011 7/18/2013	7/20/2012 7/18/2014	1.500% 1.000%	180,000.00	210,000.00	180,000.00
Various Beach Utility Improvements	178-2009	7/21/2010	7/20/2011 7/18/2013	7/20/2012 7/18/2014	1.500% 1.000%	110,000.00	120,000.00	110,000.00
ADA Phase II	188-2009	7/21/2010	7/20/2011 7/18/2013	7/20/2012 7/18/2014	1.500% 1.000%	90,000.00	115,000.00	90,000.00
Various Utility Improvements	208-2010	7/21/2010	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	145,000.00	160,000.00	145,000.00
Beach Replenishment	215-2010	7/20/2011	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	50,000.00	50,000.00	50,000.00
Various Utility Improvements	231-2011	7/20/2011	7/19/2012 7/18/2013	7/19/2013 7/18/2014	1.500% 1.000%	150,000.00	150,000.00	150,000.00
Beach Replenishment	236-2011	7/18/2013	7/18/2013	7/18/2014	1.000%	-	-	100,000.00
Various Utility Improvements	251-2012	7/18/2013	7/18/2013	7/18/2014	1.000%	-	-	100,000.00
Various Beach Utility Improvements	267-2013	7/18/2013	7/18/2013	7/18/2014	1.000%	-	-	100,000.00
					\$	<u>2,005,000.00</u>	<u>1,845,000.00</u>	<u>2,005,000.00</u>

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

Ordinance Number	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Balance Dec. 31, 2013
29-2005	\$ 12,800.00			12,800.00
178-2009	55,000.00			55,000.00
208-2010	55,000.00			55,000.00
231-2011	50,000.00			50,000.00
236-2011	200,000.00		100,000.00	100,000.00
251-2012	300,000.00		100,000.00	200,000.00
267-2013	-	475,000.00	100,000.00	375,000.00
	<u>\$ 672,800.00</u>	<u>475,000.00</u>	<u>300,000.00</u>	<u>847,800.00</u>

**TOURISM UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

		Operating Fund
Balance December 31, 2012	\$	92,396.44
Increased by Receipts:		
Tourism Fees		1,063,601.85
Reimbursements		38,396.00
Due to Security Deposit		12,200.00
Due from Current Fund		4,959.00
Miscellaneous Revenue Not Anticipated		1,205.72
		1,120,362.57
		1,212,759.01
Decreased by Disbursements:		
Current Appropriations		888,224.03
Appropriation Reserves		62,693.41
Due to Security Deposit		6,000.00
		956,917.44
Balance December 31, 2013	\$	255,841.57