

**CITY OF NORTH WILDWOOD**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2011**

**CITY OF NORTH WILDWOOD**  
**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page No.</u></b>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1 - 2
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	3 - 4
A - 1	Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	5 - 6
A - 2	Statement of Revenues - Regulatory Basis	7 - 10
A - 3	Statement of Expenditures - Regulatory Basis	11 - 17
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	18 - 19
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	20
C - 1	Statement of Fund Balance - Regulatory Basis	21
	<b><u>PUBLIC ASSISTANCE FUND</u></b>	
D	Comparative Balance Sheet - Regulatory Basis	22
	<b><u>GENERAL FIXED ASSETS ACCOUNT GROUP</u></b>	
E	Comparative Balance Sheet - Regulatory Basis	23
	<b>NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS</b>	24 - 44

**CITY OF NORTH WILDWOOD**  
**TABLE OF CONTENTS**

**Exhibit**

**Page No.**

**SUPPLEMENTAL SCHEDULES**

**CURRENT FUND**

A - 4	Schedule of Cash - Treasurer	45
A - 5	Schedule of Cash - Collector	N/A
A - 6	Schedule of Cash - Clerk	N/A
A - 7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	46
A - 8	Schedule of Tax Title Liens	47
A - 9	Schedule of Revenue Accounts Receivable	48
A - 10	Schedule of Appropriation Reserves - Prior Year	49 - 51
A - 11	Schedule of Federal and State Grants Receivable	52 - 53
A - 12	Schedule of Reserves for Federal and State Grants - Unappropriated	54
A - 13	Schedule of Appropriated Reserves for Federal and State Grants	55 - 56

**TRUST FUND**

B - 1	Schedule of Animal Control Cash - Treasurer	57
B - 2	Schedule of Other Trust Cash - Treasurer	58
B - 3	Schedule of Reserve for Animal Control Expenditures	59
B - 4	Schedule of Due To Current Fund - Animal Control	60
B - 7	Schedule of Amount Due To State of New Jersey	N/A

**GENERAL CAPITAL FUND**

C - 2	Schedule of Cash - Treasurer	61
C - 3	Analysis of Cash	62
C - 4	Schedule of Capital Improvement Fund	63
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	63
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	64
C - 7	Schedule of Improvement Authorizations	65
C - 8	Schedule of General Serial Bonds	66
C - 8A	Schedule of Wastewater Treatment Trust Bonds	67
C - 8B	Schedule of Wastewater Treatment Trust Loans	68 - 69
C - 8C	Schedule of Green Trust Loan Payable	70
C - 9	Schedule of Bond Anticipation Notes	71
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	72

**CITY OF NORTH WILDWOOD**  
**TABLE OF CONTENTS**

**Exhibit**

**Page No.**

**PUBLIC ASSISTANCE FUND**

D - 1	Schedule of Cash - Treasurer	73
D - 2	Statement of Public Assistance Cash and Reconciliation	74
D - 3	Schedule of Revenues	75
D - 4	Schedule of Expenditures	75

**PART II**

Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Regulatory Basis Performed in Accordance with Government Auditing Standards	76 - 77
General Comments	78 - 80
Findings and Recommendations	81 - 82

**PART III**

Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2011	83
Notes to Schedules of Expenditures of Federal and State Awards	84
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	85 - 86
Schedule of Findings and Questioned Costs	87 - 88

**CITY OF NORTH WILDWOOD**

**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

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

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

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

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

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

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedules of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is not a required part of the financial statements of the City. The supplemental schedules and the schedules of expenditures of federal awards as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

*Leon P. Costello*

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

**June 29, 2012**

**EXHIBIT - A**  
**CURRENT FUND**



**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 7,168,413.29	\$ 4,487,550.04
Change and Petty Cash Funds		1,650.00	1,650.00
Investment in BANS		-	1,800,000.00
		<u>7,170,063.29</u>	<u>6,289,200.04</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	328,111.34	328,306.03
Tax Title Liens Receivable	A-8	641.76	602.10
Revenue Accounts Receivable	A-9	289,966.56	205,973.22
Interfunds:			
Due from Grant Fund	A	-	240,119.47
Due from Trust - Other	B	8,598.63	4,064.59
Due from Animal Control	B	468.00	228.00
		<u>627,786.29</u>	<u>779,293.41</u>
Deferred Charges:			
Special Emergency Authorization			
5 Years (40A:4-55)		102,000.00	146,755.00
Expenditure without an Appropriation		41,988.63	41,988.63
Overexpenditure of Appropriations	A-3	40,409.15	-
		<u>184,397.78</u>	<u>188,743.63</u>
		<u>7,982,247.36</u>	<u>7,257,237.08</u>
Federal and State Grant Fund:			
Grant Receivables	A-11	536,022.43	1,452,144.20
Due from Current Fund	A	76,917.24	-
Due from Trust Funds	B	180,599.72	-
Deferred Charges:			
Overexpenditure of Grant Reserve		3,845.21	-
		<u>797,384.60</u>	<u>1,452,144.20</u>
		<u>\$ 8,779,631.96</u>	<u>\$ 8,709,381.28</u>

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 909,600.39	\$ 605,992.04
Reserve for Encumbrances	A-3	189,699.25	205,267.56
Prepaid Taxes		884,552.99	713,127.86
Tax Overpayments		157,371.08	100,030.55
Sewer Rent Overpayments		25,133.60	25,581.13
Local School Tax Payable		704,921.50	763,523.50
County Added & Omitted		14,786.24	75,613.65
Special District Taxes Payable		257.83	1,257.83
Payroll Taxes Payable		7,642.84	11,192.63
Due to State - Marriage Licenses		50.00	150.00
Due to State - Seniors & Veterans		1,311.02	1,561.02
Due to Federal and State Grant Fund		76,917.24	-
Due to Trust - Other	B	424.00	424.00
Due to GWTIDA		347,265.00	-
Due to General Capital Fund		37,280.00	37,280.00
Reserve for Hereford Park Improvements		9,001.00	9,001.00
Reserve for State Tax Appeal		80,000.00	80,000.00
Reserve for Revaluation		45,718.50	26,425.03
Reserve for 1.85% Room Tax		255,317.70	261,099.35
		<u>3,747,250.18</u>	<u>2,917,527.15</u>
Reserve for Receivables and Other Assets		627,786.29	779,293.41
Fund Balance	A-1	<u>3,607,210.89</u>	<u>3,560,416.52</u>
		<u>7,982,247.36</u>	<u>7,257,237.08</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	68,052.72	65,166.91
Appropriated Reserves	A-13	586,624.05	642,736.01
Encumbrances Payable		14,458.00	332,257.98
Due to Current Fund	A	-	240,119.47
Due to General Capital Fund	C	128,249.83	171,863.83
		<u>797,384.60</u>	<u>1,452,144.20</u>
		<u>\$ 8,779,631.96</u>	<u>\$ 8,709,381.28</u>

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,900,000.00	\$ 1,900,000.00
Miscellaneous Revenue Anticipated		7,345,581.99	6,857,628.28
Receipts from Delinquent Taxes		(22,007.39)	(20,154.96)
Receipts from Current Taxes		29,397,366.78	29,310,819.17
Non-Budget Revenue		325,196.63	542,622.07
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		473,975.49	710,289.09
Interfunds Returned		240,119.47	12,239.30
 Total Income		<u>39,660,232.97</u>	<u>39,313,442.95</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,172,319.14	8,378,662.46
Other Expenses		7,125,482.82	7,268,103.84
Deferred Charges & Statutory Expenditures		1,777,691.00	1,594,629.70
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses		3,907,401.77	3,348,684.49
Capital Improvements		150,000.00	250,000.00
Municipal Debt Service		3,573,737.83	3,180,260.76
Deferred Charges & Statutory Expenditures		44,755.00	61,780.00
Special District Taxes		32,000.00	30,000.00
County Taxes		6,573,497.92	6,502,688.92
County Added and Omitted Taxes		14,786.24	75,613.65
Local District School Tax		6,369,428.00	6,486,632.00
Refund of Prior Year Revenue		8,213.99	22,916.73
Refund Miscellaneous Revenue Not Anticipated		-	1,420.93
Interfund Created		4,534.04	244,184.06
 Total Expenditures		<u>37,753,847.75</u>	<u>37,445,577.54</u>

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess In Revenue		\$ 1,906,385.22	\$ 1,867,865.41
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		40,409.15	100,000.00
		40,409.15	100,000.00
Statutory Excess to Fund Balance		1,946,794.37	1,967,865.41
Fund Balance January 1	A	3,560,416.52	3,492,551.11
		5,507,210.89	5,460,416.52
Decreased by:			
Utilization as Anticipated Revenue		1,900,000.00	1,900,000.00
Fund Balance December 31	A	\$ 3,607,210.89	\$ 3,560,416.52

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$	1,900,000.00	\$	1,900,000.00	\$ -
Total Surplus Anticipated		1,900,000.00	-	1,900,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		50,000.00		53,950.00	3,950.00
Other		180,000.00		177,974.71	(2,025.29)
Fees and Permits		200,000.00		256,959.79	56,959.79
Fines and Costs:					
Municipal Court		550,000.00		614,964.20	64,964.20
Interest and Costs on Taxes		60,000.00		97,000.57	37,000.57
Parking Meters		700,000.00		756,168.41	56,168.41
Interest on Investments		35,000.00		50,371.19	15,371.19
Emergency Rescue Services		240,000.00		244,555.96	4,555.96
Fire Inspector Fees		130,000.00		150,601.00	20,601.00
Sewer Rents		3,250,000.00		3,633,914.82	383,914.82
Rental of City Property		90,000.00		108,788.50	18,788.50
Tram Car Lease		30,000.00		30,000.00	-
Consolidated Municipal Property Tax Relief Aid		12,410.00		12,410.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		429,617.00		429,617.00	-

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
FEMA - Assistance to Firefighters Grant		\$	\$	61,465.00	\$ -
2011 Energy Efficiency and Conservation Block Grant				70,000.00	-
Small Cities CDBG - Community Center ADA Improvements				290,400.00	-
NJDEP - Clean Communities Program				27,845.77	-
Other Special Items:					
Uniform Fire Safety Act		15,000.00		17,495.72	2,495.72
1.85% Beach Maintenance		261,099.35		261,099.35	-
Total Miscellaneous Revenues	A-1	6,233,126.35	449,710.77	7,345,581.99	662,744.87
Receipts from Delinquent Taxes	A-1:A-2	315,161.15		(22,007.39)	(337,168.54)

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	\$	16,511,608.72	\$	17,098,496.62	\$ 586,887.90
Addition to Local District School Tax					
Total Amount to be Raised by Taxes for Support of Municipal Budget		16,511,608.72	-	17,098,496.62	586,887.90
Budget Totals		24,959,896.22	449,710.77	26,322,071.22	912,464.23
Non-Budget Revenues	\$	24,959,896.22	\$ 449,710.77	325,196.63	325,196.63
				26,647,267.85	1,237,660.86

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$ 29,397,366.78
Allocated to:	
School, County and Other Taxes	<u>12,989,712.16</u>
Balance for Support of Municipal Budget Appropriations	16,407,654.62
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>690,842.00</u>
Amount for Support of Municipal	
Budget Appropriations	<u><u>\$ 17,098,496.62</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ (22,007.39)
Tax Title Lien Collections	
	<u><u>\$ (22,007.39)</u></u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Bureau of Housing Inspection	\$ 11,081.00
Clerk's Office Miscellaneous Revenue	8,022.39
Joint Health Insurance Fund Rebates	85,156.00
1.5% Health Insurance	1,888.69
Reimbursements	70,267.51
Sale of Assets	10,705.89
Comcast Tech Grant	40,645.68
Restitution	191.50
Assessment Searches	10.00
Photocopies	6,441.82
Fire Reports	27.30
2% Administration Fee - Veterans and Seniors	1,929.53
FEMA Reimbursement	26,689.53
Sewer Collector - Interest	25,979.97
Lot Maintenance	1,423.49
Tax Searches	40.00
Payment in Lieu of Taxes	1,086.00
Cost of Tax Sale	60.00
Tax and Utility Collector - Miscellaneous	2,317.15
Miscellaneous	<u>31,233.18</u>

\$ 325,196.63



**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b><u>OPERATIONS WITHIN "CAPS"</u></b>						
<b><u>GENERAL GOVERNMENT:</u></b>						
General Administration						
Salaries and Wages						
Other Expenses	\$ 169,250.25	\$ 131,250.25	\$ 130,643.94	\$ 2,640.18	\$ 606.31	\$ 641.24
Mayor and Council	72,650.00	110,830.00	107,548.58			
Salaries and Wages	104,787.59	104,787.59	104,787.54		0.05	
Other Expenses	8,000.00	8,000.00	3,038.85		4,961.15	
Municipal Clerk						
Salaries and Wages	179,173.08	188,873.08	188,726.60		146.48	
Other Expenses	67,700.00	67,700.00	54,539.90	5,969.02	7,191.08	
Financial Administration						
Salaries and Wages	175,496.12	174,496.12	168,380.64		6,115.48	
Other Expenses	53,601.71	53,601.71	25,447.98	239.25	27,914.48	
Audit Services						
Other Expenses	44,000.00	44,000.00	44,000.00		-	
Revenue Administration (Tax Collection)						
Salaries and Wages	171,564.11	170,564.11	168,859.54		1,704.57	
Other Expenses	27,855.00	27,855.00	25,088.50	1,048.51	1,717.99	
Tax Assessment Administration						
Salaries and Wages	119,709.95	130,709.95	110,337.35		20,372.60	
Other Expenses	69,350.00	69,350.00	24,143.88	-	45,206.12	
Legal Services						
Other Expenses	215,000.00	215,000.00	161,975.28	2,363.45	50,661.27	
Engineering Services and Costs						
Other Expenses	282,000.00	282,000.00	217,953.01	38,840.07	25,206.92	
Ambulance Billing Administration Fee						
Other Expenses	25,000.00	25,000.00	18,777.58		6,222.42	
<b><u>LAND USE ADMINISTRATION:</u></b>						
Planning Board						
Salaries and Wages	30,000.00	30,000.00	24,687.31		5,312.69	
Other Expenses	21,250.00	21,250.00	15,020.99	2,384.01	3,845.00	
Zoning Board of Adjustment						
Salaries and Wages	30,000.00	30,000.00	29,581.32		418.68	
Other Expenses	19,800.00	19,800.00	14,964.22	1,629.67	3,206.11	

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>INSURANCE (NJSA 40A:4-34.3oo):</b>						
General Liability Insurance	\$ 446,018.00	\$ 458,518.00	\$ 435,196.00	\$	\$ 23,322.00	\$
Workers Compensation Insurance	324,306.00	324,306.00	364,715.15			(40,409.15)
Employee Group Health Insurance	2,072,123.06	2,097,623.06	2,066,188.48	1,614.64	29,819.94	
<b>PUBLIC SAFETY:</b>						
Fire Department						
Salaries and Wages	1,106,126.98	1,186,126.98	1,175,269.86		10,857.12	
Other Expenses	71,635.00	71,635.00	39,271.70	2,794.66	29,568.64	
Fire Safety Act						
Salaries and Wages	117,039.88	109,039.88	106,282.85		2,757.03	
Other Expenses	23,000.00	23,000.00	12,029.55	983.53	9,986.92	
Aid to Volunteer Fire Company						
Other Expenses	80,000.00	80,000.00	76,950.00		3,050.00	
Police Department						
Salaries and Wages	3,432,993.55	3,267,993.55	3,245,978.25		22,015.30	
Other Expenses	237,235.90	237,235.90	192,823.05	44,326.35	86.50	
Office of Emergency Management						
Salaries and Wages	3,978.00	4,021.00	4,020.84		0.16	
Other Expenses	16,400.00	16,400.00	16,079.69	310.45	9.86	
Municipal Court						
Salaries and Wages	193,530.18	193,530.18	191,155.33		2,374.85	
Other Expenses	20,382.00	20,382.00	12,517.08	197.84	7,667.08	
Municipal Prosecutor						
Salaries and Wages	26,780.00	26,780.00	26,780.00		-	
Other Expenses	100.00	100.00	-		100.00	
Public Defender						
Salaries and Wages	10,000.00	10,000.00	9,615.50		384.50	
Other Expenses	100.00	100.00	-		100.00	

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>PUBLIC WORKS:</b>						
Public Works Department						
Salaries and Wages	\$ 1,108,805.12	\$ 1,079,305.12	\$ 953,972.71	\$ 38,238.17	\$ 125,332.41	\$
Other Expenses	322,000.00	343,000.00	270,313.97		34,447.86	
Garbage and Trash						
Other Expenses	535,000.00	545,000.00	492,752.74		52,247.26	
Fleet Maintenance						
Salaries and Wages	132,235.01	117,235.01	111,929.05		5,305.96	
Other Expenses	130,100.00	134,600.00	121,120.47	7,546.71	5,932.82	
Public Buildings and Grounds						
Salaries and Wages	167,086.05	155,086.05	150,729.79		4,356.26	
Other Expenses	117,600.00	117,600.00	102,334.54	13,139.41	2,126.05	
<b>HEALTH AND HUMAN SERVICES:</b>						
Administration of Public Assistance						
Salaries and Wages	5,000.00	2,600.00	2,577.00		23.00	
Dog Regulation						
Other Expenses	30,922.00	30,922.00	30,922.00		-	
<b>PARKS AND RECREATION:</b>						
Lifeguards						
Salaries and Wages	523,951.50	507,691.50	502,988.48		4,703.02	
Other Expenses	50,300.00	50,300.00	48,182.18	1,293.00	824.82	
Recreation Center						
Salaries and Wages	378,697.12	358,697.12	296,376.45		62,320.67	
Other Expenses	46,600.00	46,600.00	28,173.04	514.07	17,912.89	
Parks and Playgrounds						
Salaries and Wages	122,117.65	122,117.65	108,100.80		14,016.85	
Other Expenses	56,940.00	53,632.00	37,680.49	6,064.67	9,886.84	
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Official						
Salaries & Wages	66,414.00	66,414.00	65,161.46		1,252.54	
Other Expenses	19,700.00	19,700.00	6,867.35	280.00	12,552.65	
<b>UNCLASSIFIED:</b>						
Celebration of Public Events, Anniversary or Holiday						
Salaries & Wages	5,000.00	5,000.00	200.00		4,800.00	
Other Expenses	115,000.00	115,000.00	37,838.05	68.00	77,093.95	

See Accompanying Notes to Financial Statements – Regulatory Basis

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>						
Electric	\$ 165,000.00	\$ 173,000.00	\$ 144,072.32	\$	\$ 28,927.68	\$
Street Lighting	227,000.00	227,000.00	222,100.17		4,899.83	
Telephone	180,000.00	180,000.00	144,902.54	2,651.53	32,445.93	
Natural Gas	97,000.00	96,300.00	86,579.59	25.83	9,694.58	
Water	108,000.00	110,233.00	110,198.42		34.58	
Gasoline	155,000.00	235,000.00	227,972.55	5,414.34	1,613.11	
Traffic Lights	23,000.00	23,000.00	17,018.51		5,981.49	
<b>LANDFILL / SOLID WASTE DISPOSAL COSTS</b>						
Cape May County MUA Tipping Fee	310,000.00	310,000.00	276,847.76	9,121.89	24,030.35	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	15,266,404.81	15,256,892.81	14,211,288.77	189,699.25	896,313.94	(40,409.15)
Contingent	500.00	500.00	-		500.00	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	15,266,904.81	15,257,392.81	14,211,288.77	189,699.25	896,813.94	(40,409.15)
Detail:						
Salaries and Wages	8,379,736.14	8,172,319.14	7,877,142.61	-	295,176.53	-
Other Expenses	6,887,168.67	7,085,073.67	6,334,146.16	189,699.25	601,637.41	(40,409.15)
<b>STATUTORY EXPENDITURES:</b>						
Contributions to:						
Public Employees' Retirement System	375,068.00	379,330.00	379,326.80		3.20	
Social Security System (O.A.S.I.)	443,000.00	443,000.00	432,292.52		10,707.48	
Police and Firemen's Retirement System	856,361.00	856,361.00	856,361.00		-	
Unemployment Compensation Insurance	37,000.00	37,000.00	36,665.52		334.48	
Lifeguard Pension	22,000.00	22,000.00	22,000.00		-	
Retirement Reserve	39,000.00	39,000.00	37,500.00		1,500.00	
Defined Contribution Retirement Program	1,000.00	1,000.00	759.61		240.39	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	1,773,429.00	1,777,691.00	1,764,905.45	-	12,785.55	-
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	17,040,333.81	17,035,083.81	15,976,194.22	189,699.25	909,599.49	(40,409.15)

See Accompanying Notes to Financial Statements – Regulatory Basis

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>						
Payments to Cape May County Municipal Utilities Authority - Sewer Charges	\$ 3,415,731.00	\$ 3,418,839.00	\$ 3,418,839.00	\$ -	\$ -	\$ -
Statutory Expenditures:						
Length of Service Aware Program (LOSAP)	35,000.00	37,142.00	37,141.10		0.90	
<b>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>3,450,731.00</b>	<b>3,455,981.00</b>	<b>3,455,980.10</b>	<b>-</b>	<b>0.90</b>	<b>-</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
NJDEP - Clean Communities Program	27,845.77	27,845.77	27,845.77		-	
FEMA - Assistance to Firefighters Grant	61,465.00	61,465.00	61,465.00		-	
2011 Energy Efficiency and Conservation Block Grant	70,000.00	70,000.00	70,000.00		-	
Small Cities CDBG - Community Center ADA Improvements	290,400.00	290,400.00	290,400.00		-	
Municipal Alliance - Local Share	1,710.00	1,710.00	1,710.00		-	
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	<b>451,420.77</b>	<b>451,420.77</b>	<b>451,420.77</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>3,902,151.77</b>	<b>3,907,401.77</b>	<b>3,907,400.87</b>	<b>-</b>	<b>0.90</b>	<b>-</b>
Detail:						
Salaries and Wages	3,902,151.77	3,907,401.77	3,907,400.87	-	0.90	-
Other Expenses						

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ -	\$ -	\$ -
NJ Transportation Trust Fund Authority Act	-					
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEBT SERVICE</b>						
Payment of Bond Principal	2,020,000.00	2,020,000.00	2,020,000.00			-
Payment of Bond Anticipation Notes and Capital Notes	-					-
Interest on Bonds	671,852.50	671,852.50	671,852.50			-
Interest on Notes	164,100.00	164,100.00	163,831.65			268.35
Green Trust Loan - Payments for Principal & Interest	7,461.98	7,461.98	7,461.98			-
USDA Bonds - Series 2000A	42,634.00	42,634.00	42,634.00			-
USDA Bonds - Series 2000B	5,218.00	5,218.00	5,218.00			-
USDA Bonds - Series 2004A	31,078.00	31,078.00	31,078.00			-
USDA Bonds - Series 2005A	56,072.00	56,072.00	56,072.00			-
USDA Bonds - Series 2010A	196,076.00	196,076.00	196,076.00			-
NJEIT - 1997 & 2002 Issues	387,031.93	387,031.93	379,513.70			7,518.23
<b>TOTAL DEBT SERVICE</b>	<u>3,581,524.41</u>	<u>3,581,524.41</u>	<u>3,573,737.83</u>	<u>-</u>	<u>-</u>	<u>7,786.58</u>
<b>DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>						
Emergency Authorizations		-			-	
Special Emergency Authorization - 5 Years	44,755.00	44,755.00	44,755.00		-	
<b>TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>	<u>44,755.00</u>	<u>44,755.00</u>	<u>44,755.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Judgments		-			-	

See Accompanying Notes to Financial Statements – Regulatory Basis

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>					
	\$ 7,678,431.18	\$ 7,683,681.18	\$ 7,675,893.70	\$ 0.90	\$ 7,786.58
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	24,718,764.99	24,718,764.99	23,652,087.92	189,699.25	(32,622.57)
Reserve for Uncollected Taxes	690,842.00	690,842.00	690,842.00		
<b>TOTAL GENERAL APPROPRIATIONS</b>	\$ 25,409,606.99	\$ 25,409,606.99	\$ 24,342,929.92	\$ 189,699.25	\$ (32,622.57)
Budget	\$ 24,959,896.22				
Special Emergency Appropriation	-				
Appropriation by 40A:4-87	449,710.77				
	\$ 25,409,606.99				
Cash Disbursed	\$ 23,390,255.95				
Reserve for Uncollected Taxes	690,842.00				
Reimbursements	(235,291.53)				
Federal and State Grants	449,710.77				
Deferred Charges	44,755.00				
	\$ 24,340,272.19				

See Accompanying Notes to Financial Statements – Regulatory Basis

**EXHIBIT - B**  
**TRUST FUND**



**CITY OF NORTH WILDWOOD**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
<u>Assessment Fund:</u>			
Cash and Investments	B-2	\$ 15,102.37	\$ 11,785.90
Assessments Receivable		3,472.07	6,711.18
		<u>18,574.44</u>	<u>18,497.08</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	1,016.00	776.00
		<u>1,016.00</u>	<u>776.00</u>
<u>Other Funds</u>			
Cash and Investments	B-2	2,036,439.01	1,690,753.36
Due from State of NJ Historic Preservation		101,706.37	-
Due from Current Fund	A	424.00	424.00
		<u>2,138,569.38</u>	<u>1,691,177.36</u>
		<u>\$ 2,158,159.82</u>	<u>\$ 1,710,450.44</u>

**CITY OF NORTH WILDWOOD**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Assessment Fund:</u>			
Reserve for Assessments & Liens		\$ 5,500.00	\$ 5,500.00
Fund Balance		13,074.44	12,997.08
		<u>18,574.44</u>	<u>18,497.08</u>
<u>Animal Control Fund</u>			
Reserve for Dog Expenditures	B-4	548.00	548.00
Due to Current Fund	A:B-6	468.00	228.00
		<u>1,016.00</u>	<u>776.00</u>
<u>Other Funds</u>			
Deposits for Redemption of Tax Sale Certificates		75,582.12	40,171.61
Premiums Received at Tax Sale		425,883.26	279,683.26
Due to Current Fund	A:B	8,598.63	4,064.59
Due to Grant Fund	A	180,599.72	-
Reserve for Tourism Development		29,431.86	58,233.96
Reserve for Recreation		219,821.27	311,695.92
Reserve for Centennial Celebration		2,040.76	2,040.76
Reserve for Parking Offenses Adjudication Act		18,112.17	14,440.17
Reserve for Public Defender		7,779.52	5,679.52
Reserve for Municipal Alliance		9,907.46	12,544.90
Reserve for Lighthouse Trust		-	20,218.10
Reserve for D.A.R.E.		1,415.12	1,706.44
Reserve for Police Armor		-	1,414.37
Reserve for Disposal of Forfeited Property		3,318.87	3,512.09
Reserve for Lifeguard Pension		298,060.38	289,892.54
Reserve for Fire Prevention		5,564.42	6,575.72
Reserve for Small Cities Escrow		211,199.53	153,223.75
Reserve for Municipal Parking Improvements		34,443.88	50,272.33
Reserve for Developers' Escrow		255,901.08	310,978.73
Reserve for UEZ 2nd Generation Funds		153,719.53	20,235.60
Reserve for Memorials/Beautification Enhancement		53,958.00	47,100.00
Reserve for UCC Third Party		143,231.80	57,493.00
		<u>2,138,569.38</u>	<u>1,691,177.36</u>
		\$ <u>2,158,159.82</u>	\$ <u>1,710,450.44</u>

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

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Cash and Investments	C-2,C-3	\$ 7,175,729.39	\$ 166,599.97
Deferred Charges to Future Taxation:			
Funded	C-5	31,920,150.18	29,758,298.52
Unfunded	C-6	19,616,354.00	25,397,967.00
Due from Current Fund		37,280.00	37,280.00
Due from Federal & State Grant Fund		128,249.83	171,863.83
		<u>\$ 58,877,763.40</u>	<u>\$ 55,532,009.32</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 18,570,000.00	\$ 20,590,000.00
Wastewater Treatment Trust Bond	C-8A	1,650,000.00	1,795,000.00
Wastewater Treatment Trust Loan	C-8B	1,260,441.73	1,412,598.66
U.S.D.A. Bonds Payable		10,351,807.76	5,867,179.63
Green Trust Loan Payable	C-8C	87,900.69	93,520.23
Bond Anticipation Notes Payable	C-9	14,240,000.00	12,740,000.00
Improvement Authorizations:			
Funded	C-7	147,249.39	100,765.15
Unfunded	C-7	8,094,077.24	9,373,956.92
Encumbrances Payable		712,692.09	2,559,267.66
Reserve to Pay Debt Service		2,748,357.63	193,807.00
Capital Improvement Fund	C-4	437,130.00	287,130.00
Fund Balance	C-1	578,106.87	518,784.07
		<u>\$ 58,877,763.40</u>	<u>\$ 55,532,009.32</u>

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2010	<u>Ref.</u> C	\$	518,784.07
Increased By:			
Premium on Sale of Notes		\$	59,322.80
			<u>59,322.80</u>
			578,106.87
Decreased By:			
None			
			<u>-</u>
Balance December 31, 2011	C	\$	<u><u>578,106.87</u></u>

**EXHIBIT - D**  
**PUBLIC ASSISTANCE FUND**

**CITY OF NORTH WILDWOOD**  
**PUBLIC ASSISTANCE FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>Assets</u>			
Cash Trust I	D-1	\$ 2,823.78	\$ 2,805.33
Cash Trust II	D-1	123,180.09	91,969.58
Due from State - State Aid		-	543.00
		<u>\$ 126,003.87</u>	<u>\$ 95,317.91</u>
<u>Liabilities and Reserves</u>			
Excess State Aid Advanced		\$ 111,919.00	\$ -
Reserve for Public Assistance		14,084.87	95,317.91
		<u>\$ 126,003.87</u>	<u>\$ 95,317.91</u>

**EXHIBIT - E**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**



**CITY OF NORTH WILDWOOD**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>General Fixed Assets</u>		
Land and Land Improvements	\$ 2,506,100.00	\$ 2,506,100.00
Buildings	3,114,160.71	3,114,160.71
Machinery and Equipment	8,033,204.24	7,993,583.89
	<u>\$ 13,653,464.95</u>	<u>\$ 13,613,844.60</u>
 Investment in General Fixed Assets	 \$ 13,653,464.95	 \$ 13,613,844.60
	<u>\$ 13,653,464.95</u>	<u>\$ 13,613,844.60</u>

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

**Basis of Accounting**

The financial statements of the City of North Wildwood have been prepared in conformity with an "Other Comprehensive Basis of Accounting" (OCBOA) as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the City's accounting policies are described below.

**Description of Financial Reporting Entity**

The City of North Wildwood is a seashore community located at the southern tip of the County of Cape May, State of New Jersey. The population according to the 2010 census is 4,041.

The City of North Wildwood is incorporated and operates under a Mayor and Council form of government. The Mayor is the chief executive officer of the City. The City Committee is the lawmaking body and passes all resolutions and ordinances.

**Component Units**

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

**Basis of Presentation, Fund Accounting**

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

**Current Fund**

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

**Trust Funds**

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

**General Capital Fund**

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Accounting**

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

An extension of the regulatory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

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

**Cash and Investments**

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

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

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

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

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfunds**

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

**Inventories of Supplies**

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

**General Fixed Assets**

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") 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.

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

**General Fixed Assets**

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.

**Foreclosed Property**

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Charges**

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

**Appropriation Reserves**

Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

**Liens Sold for Other Governmental Units**

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

**Fund Balance**

Fund balances included in the Current Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues**

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

**Property Tax Revenues**

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**School Taxes**

The City is responsible for levying, collecting and remitting school taxes for the City of North Wildwood School District. Fund balance is charged for the full amount required to be raised from taxation to operate the local school district from July 1 through June 30, increased by the amount deferred at December 31, 2010, and decreased by the amount deferred at December 31, 2011. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31<sup>st</sup> for the last two years.

	December 31, 2011	December 31, 2010
School Tax Payable	\$ 704,921.50	\$ 763,523.50
School Tax Deferred	2,479,787.50	2,479,787.50
	<u>\$ 3,184,709.00</u>	<u>\$ 3,243,311.00</u>

**County Taxes**

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

**Reserve for Uncollected Taxes**

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

**Expenditures**

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences and Post- Employment Benefits**

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

**Note 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 46,160,150.18	\$ 42,498,298.52	\$ 39,237,266.64
Total Issued	<u>46,160,150.18</u>	<u>42,498,298.52</u>	<u>39,237,266.64</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General	2,748,357.63	193,807.00	161,957.00
Net Debt Issued	<u>43,411,792.55</u>	<u>42,304,491.52</u>	<u>39,075,309.64</u>
<u>Authorized but</u>			
<u>not Issued</u>			
Bonds and Notes:			
General	<u>5,376,354.00</u>	<u>12,657,967.00</u>	<u>14,852,280.00</u>
Total Authorized but			
not Issued	5,376,354.00	12,657,967.00	14,852,280.00
Net Bonds and Notes			
Issued, and Authorized			
but not Issued	\$ <u><u>48,788,146.55</u></u>	\$ <u><u>54,962,458.52</u></u>	\$ <u><u>53,927,589.64</u></u>

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.64%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,356,000.00	\$ 1,356,000.00	\$ -
General Debt	<u>51,536,504.18</u>	<u>2,748,357.63</u>	<u>48,788,146.55</u>
	<u>\$ 52,892,504.18</u>	<u>\$ 4,104,357.63</u>	<u>\$ 48,788,146.55</u>

Net Debt \$48,788,146.55 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,978,321,467 = 1.64%.

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

3-1/2% of Equalized Valuation Basis	\$ 104,241,251.35
Net Debt	<u>48,788,146.55</u>
Remaining Borrowing Power	<u>\$ 55,453,104.80</u>

The foregoing debt information is in agreement with the revised Annual Debt Statement filed by the chief financial officer.

**Description of Bonds and Loans Payable**

At December 31, 2011, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$6,240,000 General Improvement Bonds dated October 1, 2001, due in annual installments through October 1, 2013, bearing interest at a rate of 3.875%. The balance remaining as of December 31, 2011 is \$1,240,000.

\$8,000,000 General Improvement Bonds, dated December 1, 2004, due in annual installments through December 1, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$5,250,000.

\$13,600,000 General Improvement Bonds, dated December 1, 2009, due in annual installments through December 1, 2021, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$12,080,000.

\$1,075,000 New Jersey Wastewater Treatment Trust Bonds dated October 15, 1998, due in annual installments through October 15, 2017, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$450,000.



**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Description of Bonds and Loans Payable (Continued)**

\$1,745,000 New Jersey Wastewater Treatment Trust Bonds dated October 15, 2003, due in annual installments through August 1, 2022, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$1,200,000.

\$1,092,217 New Jersey Wastewater Treatment Trust Loan dated October 15, 1998, due in semi-annual installments through October 15, 2015, bearing no interest. The balance remaining as of December 31, 2011 is \$218,484.17.

\$1,843,735 New Jersey Wastewater Treatment Trust Loan dated October 15, 2002, due in semi-annual installments through August 1, 2022, bearing no interest. The balance remaining as of December 31, 2011 is \$1,041,957.56.

\$120,000 Green Trust Loan dated April 19, 2005, due in semi-annual installments through November 1, 2025, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011 is \$87,900.69.

**Debt Service for U.S.D.A. Bonds and Loans Payable**

On September 20, 2000, the City of North Wildwood issued two series of General Improvement Bonds payable to the United States Department of Agriculture. The first, Series 2000A, was issued in the amount of \$698,000 with an interest rate of 4.50%. Principal and interest on this series are to be paid semiannually on March 20 and September 20 in the amount of \$21,317 for fifty-nine (59) equal payments, with all outstanding principal and all accrued and unpaid interest due on September 20, 2030. Payment of principal and interest commenced on March 20, 2001.

The second of these two issues, Series 2000B, was issued in the amount of \$85,400 with an interest rate of 4.50%. Principal and interest on this series are to be paid semiannually on March 20 and September 20 in the amount of \$2,609 for fifty-nine (59) equal payments, with all outstanding principal and all accrued and unpaid interest due on September 20, 2030. Payment of principal and interest commenced on March 20, 2001.

On November 18, 2004, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2004A, were issued in the amount of \$574,025 with an interest rate of 4.50%. Principal and interest on the bonds are to be paid semiannually on May 18 and November 18 in the amount of \$15,539 for seventy-nine (79) equal payments, with all outstanding principal and all accrued and unpaid interest due on November 18, 2044. Payment of principal and interest commenced May 18, 2005.

On February 8, 2005, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2005A, were issued in the amount of \$918,000 with an interest rate of 4.50%. Principal and interest on the bonds are to be paid semiannually on August 8 and February 8 in the amount of \$28,036 for fifty-nine (59) equal payments, with all outstanding principal and all accrued and unpaid interest due on February 8, 2035. Payment of principal and interest commenced August 8, 2005.

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Description of Bonds and Loans Payable (Continued)**

**Debt Service for U.S.D.A. Bonds and Loans Payable (Continued)**

On March 10, 2010, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2010A, were issued in the amount of \$3,895,000 with an interest rate of 4.00%. Principal and interest on the bonds are to be paid semiannually on September 10 and March 10 in the amount of \$98,038 for seventy-nine (79) equal payments, with all outstanding principal and all accrued and unpaid interest due on March 10, 2050. Payment of principal and interest commenced September 10, 2010.

On October 25, 2011, the City issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2011A, were issued in the amount of \$4,572,000 with an interest rate of 3.75%. Principal and interest on the bonds are to be paid semiannually on April 25 and October 25 in the amount of \$110,826 for eighty (80) equal payments, with all outstanding principal and all accrued and unpaid interest due on October 25, 2051. Payment of principal and interest will commence in 2012.

The balance remaining on all of these issues at December 31, 2011 is \$10,351,807.76.

**Changes in Long-Term Debt**

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

	<u>Outstanding</u> <u>12/31/10</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/11</u>
General Capital Fund:				
Serial Bonds Payable	\$ 20,590,000.00	\$	\$ 2,020,000.00	\$ 18,570,000.00
NJEIT Bonds Payable	1,795,000.00		145,000.00	1,650,000.00
NJEIT Loans Payable	1,412,598.66		152,156.93	1,260,441.73
Green Trust Loan	93,520.23		5,619.54	87,900.69
	<u>23,891,118.89</u>	<u>-</u>	<u>2,322,776.47</u>	<u>21,568,342.42</u>
U.S.D.A. Loans Payable	<u>5,867,179.63</u>	<u>4,572,000.00</u>	<u>87,371.87</u>	<u>10,351,807.76</u>
Total	<u>\$ 29,758,298.52</u>	<u>\$ 4,572,000.00</u>	<u>\$ 2,410,148.34</u>	<u>\$ 31,920,150.18</u>

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

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

Year Ending December 31		General Capital Fund Principal		Interest
2012	\$	2,466,490.23	\$	695,819.50
2013		2,588,205.77		623,491.77
2014		2,129,453.20		546,466.73
2015		2,286,378.85		489,209.33
2016		2,378,994.05		416,257.02
2017-2021		9,465,766.34		959,242.60
2022-2025		253,053.98		7,426.61
		<u>\$ 21,568,342.42</u>		<u>\$ 3,737,913.56</u>

(Amortization schedule is not provided for U.S.D.A. Bonds Payable, due to calculation of interest on a daily basis. Therefore, they are excluded from the above schedule).

**Note 3: COMPENSATED ABSENCES**

The City has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2011, the City estimates this liability to approximate \$816,345 based on 2011 pay rates and compensated absence balances. The balance at December 31, 2010, was \$859,692.

**Note 4: DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In, 1998 the City 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 North Wildwood) 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 is administered by the following service organizations:

Hartford  
Great-West Retirement Services  
Nationwide Retirement Solutions

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 5: TAXES COLLECTED IN ADVANCE**

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

	Balance December 31, 2011	Balance December 31, 2010
	<u>                    </u>	<u>                    </u>
Prepaid Taxes - Cash Liability	\$ <u>884,552.99</u>	\$ <u>713,127.86</u>

**Note 6: PENSION PLANS**

**Plan Descriptions**

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

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

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

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 6: PENSION PLANS (Continued)**

**Vesting and Benefit Provisions**

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

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

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

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

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

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

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 6: PENSION PLANS (Continued)**

**Funding Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 6.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 10.0% of base salary.

For the Public Employees' Retirement System, the City's contribution was \$379,326.80 for 2011 and \$320,677.00 for the year 2010.

Three-Year Trend Information for PERS				
Funding Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$	379,326.80	100%	\$ -
12/31/10		320,677.00	100%	-
12/31/09		290,808.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$856,361.00 for 2011 and \$712,618.00 for 2010.

Three-Year Trend Information for PFRS				
Funding Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$	856,361.00	100%	\$ -
12/31/10		712,618.00	100%	-
12/31/09		707,833.00	100%	-

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$759.61 for 2011 and \$324.48 for 2010.

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 7: DEPOSITS AND INVESTMENTS**

**Deposits**

Operating cash, in the form of checking and money market savings accounts, is held in the City's name by a thrift savings institution. At December 31, 2011, the carrying amount of the City's deposits was \$16,524,353.93 and the bank balance was \$17,152,613.97. Of the bank balance, \$250,000 was insured with the Federal Depository Insurance Corporation ("FDIC"). Balances in excess of amounts covered by FDIC are covered by the Governmental Unit Deposit Protection Act (hereafter called "GUDPA"). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of municipalities and local government agencies. The program is administered by the Commissioner of New Jersey Department of Banking and Insurance. See Note 1.

**Investments**

The City did not have any investments at December 31, 2011.

**Note 8: PROPERTY TAXES**

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

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

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

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

Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 8: PROPERTY TAXES (Continued)**

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

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

<b>Comparative Schedule of Tax Rates</b>				
		<b>2011</b>	<b>2010</b>	<b>2009</b>
Tax Rate	\$	1.0720	\$ 0.8450	\$ 0.8160
Apportionment of Tax Rate:				
Municipal		0.6000	0.4720	0.4500
County		0.2400	0.1870	0.1850
Local School		0.2320	0.1860	0.1810

<b>Assessed Valuation</b>	
<b>Year</b>	<b>Amount</b>
2011	\$ 2,752,506,108
2010	3,504,353,878
2009	3,549,103,312

<b>Comparison of Tax Levies and Collections</b>				
<b>Year</b>		<b>Tax Levy</b>	<b>Collections</b>	<b>Percentage of Collections</b>
2011	\$	29,604,792.36	\$ 29,397,366.78	99.30%
2010		29,979,959.87	29,310,819.17	97.77%
2009		29,031,483.44	28,594,761.13	98.50%



**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 8: PROPERTY TAXES (Continued)**

<b>Delinquent Taxes and Tax Title Liens</b>					
<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>	
2011	\$ 641.76	\$ 328,111.34	\$ 328,753.10	1.11%	
2010	602.10	328,306.03	328,908.13	1.10%	
2009	488.01	15,362.72	15,850.73	0.05%	

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2010	\$ -
2009	-
2008	-

In 2011, after a review of the foreclosed property ledger, the tax collector determined that there were no remaining properties acquired by tax title lien liquidation.

**Note 9: ECONOMIC DEPENDENCY**

The City of North Wildwood is not economically dependent on any one funding agent within the City or State of New Jersey.

**Note 10: FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
2011	\$ 3,607,210.89	\$ 1,900,000.00	52.67%
2010	3,560,416.52	1,900,000.00	53.36%
2009	3,492,551.11	1,900,000.00	54.40%
2008	2,723,059.94	1,900,000.00	69.77%
2007	3,641,456.70	2,047,370.00	56.22%

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 9,066.63	\$ 114,621.24
Federal and State Grant	257,516.96	128,249.83
Animal Control Trust Fund		468.00
Trust Fund - Other	424.00	189,198.35
General Capital Fund	<u>165,529.83</u>	
Total	<u>\$ 432,537.42</u>	<u>\$ 432,537.42</u>

**Note 12: BUDGETARY DATA**

Annually, City Council adopts the annual appropriated budgets for the Current Fund and the Capital Improvement Plan. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

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

Budget transfers between major appropriation accounts are prohibited until the last two months of the year. The City Council approves transfers by resolution. Budgetary transfers for the year 2011 were insignificant.

**Note 13: FEDERAL AND STATE GRANTS**

In the normal course of operations, the City participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor. As of December 31, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies, and there is no known liability for reimbursement as a result of any such audit.

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 14: GENERAL FIXED ASSETS**

The following schedule is a summarization of the charges in general fixed assets for the fiscal year ended December 31, 2011.

	<u>Balance as of December 31, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of December 31, 2011</u>
Land	\$ 2,506,100.00	\$	\$	\$ 2,506,100.00
Buildings	3,114,160.71			3,114,160.71
Machinery & Equipment	<u>7,993,583.89</u>	<u>90,977.45</u>	<u>51,357.10</u>	<u>8,033,204.24</u>
Total	<u>\$ 13,613,844.60</u>	<u>\$ 90,977.45</u>	<u>\$ 51,357.10</u>	<u>\$ 13,653,464.95</u>

**Note 15: POST-RETIREMENT HEALTH BENEFITS**

The City provides health care benefits to certain retired employees of the Police Department and the Public Works Department. Police Department retirees must have 25 years of service to be eligible for these benefits, which are paid until the retiree obtains other employment with comparable coverage, or, when the employee becomes eligible for medicare. Public Works retirees become eligible for post- retirement health benefits after 27 years of service; benefits are paid for a period up to three years after retirement or until retiree reaches the age of 65, whichever comes first.

The City provides post-employment medical benefits to eligible retirees and their dependants. These benefits are budgeted by the City annually on a "pay as you go basis" and included in group insurance.

Effective March of 2010, the City participates in the New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

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

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 15: POST-RETIREMENT HEALTH BENEFITS (Continued)**

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions:

2011 - \$1,821,988.45  
2010 - \$1,541,600.26  
2009 - Not Applicable

The City also provides retirees with dental insurance through Delta Dental. In accordance with GASB 45 and the State of New Jersey, the City is required to obtain an actuarial valuation of the liability for providing these benefits. Since the City has less than 100 participants, the Alternative Measurement Method (AMM) is used. The (AMM) report was based on 79 total participants including 12 retirees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the December 31, 2011 AMM Report, the Entry Age actuarial cost method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.0% and annual medical premium cost trend consistent with the Getzen model promulgated by the Society of Actuaries. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payroll.

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 15: POST-RETIREMENT HEALTH BENEFITS (Continued)**

**Other Post-employment Benefit Costs and Obligations**

In the December 31, 2011 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2011 was projected as follows:

	December 31, 2011
Normal Cost	\$ 4,858
Amortization of Unfunded Liability	49,975
Interest	-
Total ARC	\$ <u>54,833</u>

The following reflects the components of the 2011 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the December 31, 2011 actuarial valuation and actual OPEB payments made or accrued during 2011:

	December 31, 2011
Net OPEB Obligation - Beginning of Year	\$ 1,103,267
Annual OPEB Cost	54,834
OPEB Payments	<u>16,277</u>
Increase in Net OPEB Obligation	38,557
Net OPEB Obligation - End of Year	\$ <u>1,141,824</u>
Percentage of OPEB Cost Contributed	<u>29.68%</u>

**CITY OF NORTH WILDWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 15: POST-RETIREMENT HEALTH BENEFITS (Continued)**

**Other Post-employment Benefit Costs and Obligations (Continued)**

Required Supplementary Information:

	December 31, 2011
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	1,141,824.00
Total Unfunded AAL (UAAL)	\$ 1,141,824.00
Funded Ratio	0.00%
Covered Payroll	\$ 7,523,911.00
UAAL as a % of Covered Payroll	15.18%

**Note 16: RISK MANAGEMENT**

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

**Property and Liability Insurance**

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

**Note 17: RESERVE FOR STATE TAX APPEALS**

As a result of the significant increase in the City's total assessed valuation due to the 2006 revaluation of city-wide property tax assessments, a reserve for state tax appeals was established in the amount of \$272,740.80 at December 31, 2006. Due to additional appeals filed in 2007, the balance was adjusted to \$350,000 at December 31, 2007.

In January 2008, the City was ordered to refund \$270,000 to a property owner as a result of a tax court judgment. Payment was made to the owner in February 2008, reducing the balance in the reserve for state tax appeals by that amount. The balance in the Reserve for State Tax Appeals at December 31, 2011 is \$80,000.

**Note 18: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2011 through June 29, 2012, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2010		\$ 4,487,550.04
Increased By Receipts:		
Taxes Receivable	\$ 28,645,372.71	
Prepaid Taxes	884,552.99	
Due from State - Veterans and Senior Citizens	96,476.36	
Revenue Accounts Receivable	6,630,237.83	
Miscellaneous Revenue Not Anticipated	325,196.63	
Appropriation Refunds	235,291.53	
Reimbursements of Appropriation Reserves	7,117.00	
Investment in Bond Anticipation Notes	1,800,000.00	
Payroll Deductions Payable	8,633,372.97	
Marriage License Fees Due to State	850.00	
Reserve for 1.85% Room Tax	255,317.70	
Due from Federal and State Grant Fund	1,368,718.35	
Due to GWTIDA	347,265.00	
		<u>49,229,769.07</u>
		53,717,319.11
Decreased By Disbursements:		
2011 Appropriations	23,390,255.95	
2010 Appropriation Reserves	327,765.37	
County Taxes	6,573,497.92	
County Added and Omitted Taxes	75,613.65	
Local District School Tax	6,428,030.00	
Special District Taxes	33,000.00	
Sewer Rent Overpayments	447.53	
Refund of Tax Overpayments	22,527.01	
Due to State - Marriage Licenses	950.00	
Due to Federal and State Grant Fund	1,051,681.64	
Payroll Deductions Paid	8,636,922.76	
Refund of Prior Year Revenue	8,213.99	
		<u>46,548,905.82</u>
Balance December 31, 2011		\$ <u><u>7,168,413.29</u></u>



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

Year	Balance Dec. 31, 2010	2011 Levy	Added Taxes	2010	Collections	2011	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2011
Arrears \$	-	\$	\$	\$	\$	\$	\$	\$	\$
Prior	1,691.30					1,672.42			-
2010	326,614.73				(23,679.81)		31,243.76		18.88
	328,306.03	-	-	-	(22,007.39)		31,243.76	-	319,050.78
2011		29,538,747.32	66,045.04	713,127.86	28,684,238.92		198,344.24	39.66	319,069.66
		29,538,747.32	66,045.04	713,127.86	28,662,231.53		229,588.00	39.66	9,041.68
\$	328,306.03	\$	\$	\$	\$	\$	\$	\$	328,111.34
Ref.	A								A

\$ 28,645,372.71 Taxes Receivable  
 96,726.36 Senior Citizens and Veterans  
 (79,867.54) Overpayments  
\$ 28,662,231.53

Analysis of 2011 Property Tax Levy  
 Tax Yield:  
 General Property Tax  
 Special District Taxes  
 Added Taxes (54:4-63.1 et seq.)

\$ 29,506,747.32  
 32,000.00  
 66,045.04  
\$ 29,604,792.36

Tax Levy:  
 Local District School Tax:  
 Levy  
 Addition to Local District School Tax

\$ 6,369,428.00  
-

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

\$ 6,369,428.00  
 6,573,497.92  
 14,786.24  
 32,000.00  
 16,511,608.72  
103,471.48

23,235,364.36  
\$ 29,604,792.36

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2010	<u>Ref.</u> A	\$	602.10
Increased By:			
Transferred from Taxes Receivable		\$	39.66
		<hr/>	<hr/>
			39.66
			641.76
Decreased By:			
Cancellation of Liens			
		<hr/>	<hr/>
			-
Balance December 31, 2011	A	\$	<u><u>641.76</u></u>

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2010	Accrued In 2011	Collected	Balance Dec. 31, 2011
<u>Miscellaneous Revenue Anticipated:</u>					
Licenses:					
Alcoholic Beverages	\$	-	\$ 53,950.00	\$ 53,950.00	\$ -
Other		-	177,974.71	177,974.71	-
Fees and Permits		-	256,959.79	256,959.79	-
Municipal Court - Fines and Costs		-	639,730.73	614,964.20	24,766.53
Interest and Costs on Taxes		-	97,000.57	97,000.57	-
Parking Meters		-	756,168.41	756,168.41	-
Interest on Investments		-	50,371.19	50,371.19	-
Emergency Rescue Services		-	244,555.96	244,555.96	-
Fire Inspection Fees		-	150,601.00	150,601.00	-
Sewer Rents		205,973.22	3,693,141.63	3,633,914.82	265,200.03
Tram Car Lease		-	30,000.00	30,000.00	-
Rental of City Property		-	108,788.50	108,788.50	-
Energy Receipts Tax		-	429,617.00	429,617.00	-
Consolidated Municipal Property Tax Relief		-	12,410.00	12,410.00	-
Uniform Fire Safety		-	17,495.72	17,495.72	-
1.85% Beach Maintenance		-	261,099.35	261,099.35	-
<u>Miscellaneous Revenue Not Anticipated:</u>					
Miscellaneous Non-Budgeted Revenue		-	325,196.63	325,196.63	-
TOTALS	\$	<u>205,973.22</u>	<u>\$ 7,305,061.19</u>	<u>\$ 7,221,067.85</u>	<u>\$ 289,966.56</u>
		A		A-4	A
Ref.					
Cash Receipts			\$	6,955,434.46	A-4
Due from Trust Funds				4,534.04	
Reserve for 1.85% Beach Maintenance				<u>261,099.35</u>	
				<u>7,221,067.85</u>	

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
<b><u>OPERATIONS - Within "CAPS"</u></b>				
<b><u>SALARIES AND WAGES</u></b>				
Police Department	\$ 20,593.71	\$ 20,593.71	\$ 16,075.00	\$ 4,518.71
<b><u>OTHER EXPENSES:</u></b>				
General Administration	14,439.38	14,439.38	2,423.65	12,015.73
Mayor and Council	1,839.57	1,839.57	558.90	1,280.67
Municipal Clerk	10,899.79	10,899.79	10,849.79	50.00
Financial Administration	7,467.10	7,467.10	200.75	7,266.35
Revenue Administration (Tax Collection)	2,704.85	2,704.85	1,418.84	1,286.01
Tax Assessment Administration	120,710.27	120,710.27	96,814.64	23,895.63
Legal Services and Costs	21,893.34	21,893.34	14,561.54	7,331.80
Engineering Services and Costs	4,800.12	4,800.12	1,241.62	3,558.50
Ambulance Billing Administration Fee	5,696.45	5,696.45	4,373.19	1,323.26
Planning Board	826.61	826.61	767.00	59.61
Board of Adjustment	5,811.56	5,811.56	2,255.98	3,555.58
Construction Official	4,727.14	4,727.14	160.00	4,567.14
Employee Group Health Insurance	278,550.26	278,550.26	(432.92)	278,983.18

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
	\$	\$	\$	\$
Municipal Court	6,861.66	6,861.66	1,086.83	5,774.83
Fire Department	28,022.04	28,022.04	15,441.82	12,580.22
Fire Safety Act	3,453.16	3,453.16	633.81	2,819.35
Police Department	20,617.17	20,617.17	20,581.10	36.07
Office of Emergency Management	3,448.49	3,448.49	3,444.49	4.00
Public Works	30,021.77	30,021.77	30,021.77	-
Garbage and Trash	14,196.71	14,196.71	2,022.30	12,174.41
Fleet Maintenance	16,468.76	16,468.76	12,224.76	4,244.00
Public Buildings and Grounds	27,798.20	27,798.20	27,098.32	699.88
Lifeguards	770.39	770.39	770.39	-
Recreation Center	7,038.35	7,038.35	1,407.90	5,630.45
Parks and Playgrounds	21,447.14	21,447.14	5,188.85	16,258.29
<b>UNCLASSIFIED</b>				
Celebration of Public Events	5,014.43	5,014.43	660.00	4,354.43
<b>UTILITY EXPENSES AND BULK PURCHASES</b>				
Electric	12,746.09	12,746.09	11,679.35	1,066.74
Street Lighting	21,727.51	21,727.51	21,727.51	-
Telephone	11,406.35	11,406.35	11,406.35	-
Natural Gas	2,511.65	2,511.65	446.69	2,064.96
Gasoline	9,325.72	9,325.72	9,325.71	0.01
Traffic Lights	1,649.04	1,649.04	1,633.00	16.04
<b>LANDFILL / SOLID WASTE DISPOSAL COSTS</b>				
Cape May County MUA Tipping Fee	14,190.33	14,190.33	9,019.15	5,171.18

**CITY OF NORTH WILDWOOD**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
<b><u>STATUTORY EXPENDITURES</u></b>				
Contributions to:				
Social Security System (O.A.S.I.)	\$ 76.42 \$	76.42 \$	76.42 \$	-
Unemployment Compensation Insurance	7,604.52	7,604.52	119.61	7,484.91
Other Accounts - No change	43,903.55	43,903.55	-	43,903.55
<b>TOTALS</b>	<b>\$ 811,259.60 \$</b>	<b>811,259.60 \$</b>	<b>337,284.11 \$</b>	<b>473,975.49</b>
Ref.	A			
Appropriation Reserves	\$ 605,992.04	\$	132,016.55	
Encumbrances Payable	205,267.56	\$	205,267.56	
	<u>811,259.60</u>		<u>337,284.11</u>	
Cash Disbursements		A-4	327,765.37	
Reimbursements			(7,117.00)	
Reserved for Revaluation			19,293.47	
Accounts Payable		A	-	
		\$	<u>339,941.84</u>	

**CITY OF NORTH WILDWOOD**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State:				
N.J. Transportation Trust Fund:				
2004 - Surf Road	\$ 27,877.52	\$	\$	27,877.52
2007 State Aid - 2nd Avenue	33,750.00			33,750.00
10th Avenue - Surf Road to JFK	35,750.00			35,750.00
2009 - Maryland Avenue	40,000.00			40,000.00
2010 - Chestnut Avenue	186,000.00		139,500.00	46,500.00
DOT Safe Route to Schools Program	24,500.00			24,500.00
N.J. Department of Environment Protection Municipal Stormwater	1,705.00			1,705.00
Urban Enterprise Zone:				
Trash Cans and Benches	4,767.23			4,767.23
CCTV Project	5,084.53			5,084.53
Boardwalk Sound System	92,216.00		87,953.90	4,262.10
Purchase of Electric Van & Green Machine	40,000.00		37,656.00	2,344.00
Surf Avenue Parking	510,930.00		510,930.00	-
Clean Communities	-	27,845.77	27,845.77	-
Click it or Ticket	944.88			944.88
Think Safety Pedestrian Mobilization	2,145.29			2,145.29
Heavy Duty Truck Reinforcement	10,527.00			10,527.00
2011 Energy Efficiency and Conservation Grant		70,000.00		70,000.00

**CITY OF NORTH WILDWOOD**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Federal:				
Small Cities Block Grant				
CDBG 2008 - ADA Compliant Imprv.	\$ 27,213.00	\$	27,213.00	\$ -
CDBG 2011 - Community Center ADA Impr.		290,400.00	212,033.00	78,367.00
Economic Impact Initiative Grant - Police Building	57,729.00		57,729.00	-
Edward Byrne Justice Assistance Grant	351.00			351.00
Hereford Lighthouse - Roof Reconstr.	20,653.75			20,653.75
FHA TEA - Hereford Lighthouse	330,000.00		264,971.87	65,028.13
FEMA - Assistance to Firefighters Grant		61,465.00		61,465.00
TOTALS	\$ 1,452,144.20	\$ 449,710.77	\$ 1,365,832.54	\$ 536,022.43
Ref.	A			A



**CITY OF NORTH WILDWOOD**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Balance</u> Dec. 31, 2011
State:				
NJ Juvenile Justice Facility	\$ 30,164.56	\$	\$	30,164.56
Bikeway Along Surf Avenue	17,340.40			17,340.40
COPS in Shops	3,245.01			3,245.01
Recycling Tonnage Grant 2007	12,562.02			12,562.02
2007 Traffic Safety Grant	1,854.92			1,854.92
Body Armor Replacement Fund 2011		2,885.81		2,885.81
TOTALS	\$ 65,166.91	\$ 2,885.81	\$ -	68,052.72
Ref.	A			A

**CITY OF NORTH WILDWOOD**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Balance</u> Dec. 31, 2011
State:				
Drunk Driving Enforcement	\$ 40,599.10	\$	8,489.31	\$ 32,109.79
N.J. Transportation Trust Fund				
Surf Road	14,878.91			14,878.91
FY2010 Aid - Chestnut Avenue	186,000.00		186,000.00	-
N.J. DOT Safe Route to Schools Program	24,500.00			24,500.00
Heavy Duty Truck Reinforcement	10,527.00			10,527.00
Click It or Ticket Program	4,000.00			4,000.00
Think Safety Pedestrian Mobilization	4,000.00			4,000.00
Recycling Tonnage Grant	23,466.30			23,466.30
Clean Communities	150,613.49	27,845.77	117,539.92	60,919.34
Body Armor Grant	1,381.45		1,381.45	-
Alcohol Education & Rehabilitation	11,241.78			11,241.78
Hereford Lighthouse - Roof Reconstruction	2,382.33		2,382.33	-
Urban Enterprise Zone:				
Boardwalk Sound System	2,752.88			2,752.88
CCTV Project	8,122.03			8,122.03
Purchase of Electric Van and Green Machine	2,344.00			2,344.00
2010 Administrative Budget	9,733.00			9,733.00

**CITY OF NORTH WILDWOOD**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Balance</u> Dec. 31, 2011
State:				
2006 Traffic Safety Grant	\$ 3,000.00	\$	\$	3,000.00
2011 Energy Efficiency and Conservation Grant		70,000.00		70,000.00
Economic Impact Initiative			(4,636.03)	4,636.03
Federal:				
Small Cities Block Grant				
2004 Housing Rehabilitation	3,122.00			3,122.00
CDBG - ADA Compliant Improvements	80,000.00		-	80,000.00
CDBG - Community Center ADA Improv.		363,000.00	255,265.75	107,734.25
FEMA - Assistance to Firefighters Grant	-	61,465.00		61,465.00
Edward Byrne Memorial Justice Assistance Grant	12,025.03		12,000.00	25.03
COPS in Shops	6,411.98			6,411.98
COPS in Schools	41,634.73			41,634.73
TOTALS	\$ 642,736.01	\$ 522,310.77	\$ 578,422.73	\$ 586,624.05
Ref.	A			A
		Cash Disbursements	\$ 896,222.71	
		Encumbrances Payable	14,458.00	
		Prior Year Encumbrances Cancelled	(332,257.98)	
		\$	\$ 578,422.73	

**CITY OF NORTH WILDWOOD**  
**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2010	<u>Ref.</u> B	\$	776.00
Increased By Receipts:			
Dog Licenses Fees - City Share		\$	240.00
			<hr/>
			240.00
			<hr/>
			1,016.00
Decreased By Disbursements:			
Due to Current Fund			-
			<hr/>
			-
			<hr/>
Balance December 31, 2011	B	\$	<u><u>1,016.00</u></u>

**CITY OF NORTH WILDWOOD**  
**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

	Ref.	Other	Assessment
	B	\$	\$
Balance December 31, 2010		1,690,753.36	11,785.90
Increased By Receipts:			
Tourism Development		\$	\$
Recreation		46,964.50	
Parking Offenses Adjudication Act		135,948.83	
Public Defender		3,672.00	
Municipal Alliance		2,100.00	
Hereford Lighthouse		28,852.38	
D.A.R.E. Program		55,412.83	
UEZ 2nd Generation Funds		1,000.00	
Memorials/Beautification Enhancement		133,483.93	
Forfeited Property		15,600.00	
Fire Prevention		500.00	
Lifeguard Pension		90.70	
Tax Title Liens and Premiums		41,265.11	
Small Cities Escrow Deposits		1,851,649.09	
Developers Escrow		65,425.78	
Municipal Parking Capital Improvement Account		47,898.05	
UCC Third Party		291.55	
Assessments Receivable		277,382.00	
Interest Earned on Deposits			3,239.11
Interest Earned - Due to Current		6,197.06	77.36
		2,713,733.81	3,316.47
		4,404,487.17	15,102.37
Decreased By Disbursements:			
Tourism Development			
Recreation		75,766.60	
Municipal Alliance		155,223.48	
Hereford Lighthouse		31,489.82	
D.A.R.E. Program		70,751.95	
Forfeited Property		1,291.32	
Memorials/Beautification Enhancement		693.22	
UCC Third Party		8,742.00	
Lifeguard Pension		191,643.20	
Developers Escrow		33,097.27	
Municipal Parking Capital Improvement Account		102,975.70	
Fire Prevention		16,120.00	
Tax Title Liens and Premiums		1,102.00	
Small Cities		1,670,038.58	
Interest Paid to Current Fund		7,450.00	
		1,663.02	
		2,368,048.16	-
Balance December 31, 2011	B	\$	\$
		2,036,439.01	15,102.37

**CITY OF NORTH WILDWOOD**  
**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2010	<u>Ref.</u> B	\$	548.00
Increased By:			
Dog Licenses Fees Collected - City Share		\$	240.00
			<u>240.00</u>
			788.00
Decreased By:			
Statutory Excess Due to Current Fund			240.00
			<u>240.00</u>
Balance December 31, 2011	B	\$	<u><u>548.00</u></u>

## License Fees Collected

Year

2009	\$	298.00
2010		<u>250.00</u>
	\$	<u><u>548.00</u></u>

**CITY OF NORTH WILDWOOD**  
**TRUST FUND**  
**SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance December 31, 2010	<u>Ref.</u> B	\$	228.00
Increased By:			
Statutory Excess		\$	240.00
			<hr/>
			240.00
			<hr/>
			468.00
Decreased By:			
Due to Current Fund			
			<hr/>
			-
			<hr/>
Balance December 31, 2011	B	\$	<u><u>468.00</u></u>

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2010	<u>Ref.</u> C	\$ 166,599.97
Increased By Receipts:		
Proceeds from Bond Anticipation Notes	\$ 1,500,000.00	
USDA Loan	4,572,000.00	
Budget Appropriation:		
Capital Improvement Fund	150,000.00	
USDA Grant	1,209,613.00	
County Open Space Grant	2,554,550.63	
Premium Received on Sale of Notes	59,322.80	
Improvement Authorization Reimbursements	30,537.01	
	<hr/>	10,076,023.44
		<hr/> 10,242,623.41
Decreased By Disbursements:		
Improvement Authorizations	3,066,894.02	
	<hr/>	3,066,894.02
Balance December 31, 2011	C	\$ <u><u>7,175,729.39</u></u>



**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Notes Issued	Misc.	Improvement Authorizations	Notes Paid		From	To	
Fund Balance	\$ 518,784.07	\$	\$ 59,322.80	\$	\$		\$	\$	\$ 578,106.87
Capital Improvement Fund	287,130.00		150,000.00						437,130.00
Reserve for Debt Service	193,807.00		2,554,550.63						2,748,357.63
Due from Federal & State Grant Fund	(171,863.83)							43,614.00	(128,249.83)
Due to Current Fund	(37,280.00)								(37,280.00)
Encumbrances Payable	2,559,267.66						2,559,267.66	712,692.09	712,692.09
<u>Improvement Authorizations</u>									
Ord.									
<u>GENERAL IMPROVEMENTS:</u>									
1327 Various Improvements	-							333.30	333.30
1425 Sea Wall and Beach Fill Project	595.50								595.50
1434 Various Improvements	5,709.33						5,709.33		-
1450 Boardwalk Improvements	-								-
1456 Various Improvements	4,216.46			3,675.46					541.00
1473 Various Improvements	17,601.53			17,601.53				1,788.00	1,788.00
1497 Various Capital Improvements	53,203.51			96,329.89			48,201.04	199,930.69	108,603.27
1519 Various Capital Improvements	1,218,112.71			98,740.46			1,265,250.58	397,795.08	251,916.75
1522 Sanitary Sewer Improvements	(4,717.00)								(4,717.00)
1526 Demolition of Seaport Pier	(97,847.37)	100,000.00						3,294.47	5,447.10
1534 Various Capital Improvements	447,192.50			303,567.94			276,883.63	337,909.09	204,650.02
1540 Various Capital Improvements	(1,358,045.95)	1,400,000.00		104,582.50				37,628.45	(25,000.00)
1541 Acquisition of Property	17,850.00								17,850.00
1543 Reconstruction of Central Avenue	-			129,881.75				129,881.75	-
1546 Street and Utility Reconstruction of 12th Avenue	-			141,789.36			4,661.61	220,632.49	74,181.52
1553 Sanitary Sewer Improvements	(4,468,963.44)		5,781,613.00	1,806,023.22			225,754.20	491,541.29	(227,586.57)
1562 Various Capital Improvements	306,911.65		20,071.33	315,165.46			116,015.70	499,134.05	394,935.87
1571 Acquisition of Property	7,298.15								7,298.15
1576 Sanitary Sewer Improv. Phase III	(387,750.00)			18,113.00			2,668.00	239,399.00	(169,132.00)
1580 Storm Drainage Improvements and the Replenishment of the Beach	1,055,387.49		10,465.68	4,624.58			11,162.00		1,061,228.59
1600 Various Improvements				26,798.87				1,200,000.00	1,162,039.13
	\$ 166,599.97	\$ 1,500,000.00	\$ 8,576,023.44	\$ 3,066,894.02	\$ -	\$	\$ 4,515,573.75	\$ 4,515,573.75	\$ 7,175,729.39
	<u>C</u>								<u>C</u>

Ref.

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	<u>Ref.</u> C	\$ 287,130.00
Increased By:		
Current Fund Budget Appropriation	\$ 150,000.00	
	<hr/>	<hr/>
		150,000.00
		437,130.00
Decreased By:		
Improvement Authorizations Funded	-	
	<hr/>	<hr/>
		-
Balance December 31, 2011	C	\$ <u><u>437,130.00</u></u>

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2010	<u>Ref.</u> C	\$ 29,758,298.52
Increased By:		
USDA Loan Issued	\$ 4,572,000.00	
	<hr/>	<hr/>
		4,572,000.00
		34,330,298.52
Decreased By:		
Serial Bonds Paid	2,020,000.00	
Wastewater Bonds Paid	145,000.00	
Wastewater Loan Payments	152,156.93	
Green Trust Loan Payments	5,619.54	
USDA Bonds Paid	87,371.87	
	<hr/>	<hr/>
		2,410,148.34
Balance December 31, 2011	C	\$ <u><u>31,920,150.18</u></u>

64



**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	December 31, 2011 Amount				
General Obligation Bonds of 2002	10/01/02	\$ 6,240,000	10/1/2012	\$ 610,000.00	3.875%	\$ 1,810,000.00	\$ 570,000.00	\$ 1,240,000.00
			10/1/2013	630,000.00	3.875%			
General Obligation Bonds of 2004	12/01/04	8,000,000	12/1/2012	650,000.00	3.550%	5,850,000.00	600,000.00	5,250,000.00
			12/1/2013	740,000.00	3.550%			
			12/1/2014	800,000.00	3.550%			
			12/1/2015	880,000.00	3.600%			
			12/1/2016	900,000.00	3.700%			
			12/1/2017	700,000.00	3.750%			
			12/1/2018	580,000.00	3.800%			
General Obligation Bonds of 2009	12/01/09	13,630,000	12/1/2012	900,000.00	2.000%	12,930,000.00	850,000.00	12,080,000.00
			12/1/2013	900,000.00	2.000%			
			12/1/2014	1,000,000.00	2.000%			
			12/1/2015	1,080,000.00	3.000%			
			12/1/2016	1,200,000.00	3.250%			
			12/1/2017	1,400,000.00	3.250%			
			12/1/2018	1,400,000.00	3.250%			
			12/1/2019	1,400,000.00	3.500%			
			12/1/2020	1,400,000.00	3.750%			
			12/1/2021	1,400,000.00	3.750%			
Ref. \$						\$ 20,590,000.00	\$ 2,020,000.00	\$ 18,570,000.00
						C		C

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF WASTEWATER TREATMENT TRUST BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011			Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date		Amount				
Wastewater Treatment Fund Bonds of 1998	10/15/97	\$ 1,075,000	10/15/12	\$	65,000.00	5.000%	\$ 515,000.00	\$ 65,000.00	\$ 450,000.00
			10/15/13		70,000.00	5.000%			
			10/15/14-15		75,000.00	5.000%			
			10/15/16		80,000.00	5.000%			
			10/15/17		85,000.00	5.000%			
Wastewater Treatment Fund Bonds of 2003A	10/15/02	1,745,000	08/01/12		85,000.00	5.000%	1,280,000.00	80,000.00	1,200,000.00
			08/01/13		90,000.00	5.000%			
			08/01/14		95,000.00	5.250%			
			08/01/15		100,000.00	5.250%			
			08/01/16		100,000.00	5.000%			
			08/01/17		105,000.00	5.000%			
			08/01/18		115,000.00	5.000%			
			08/01/19		120,000.00	5.000%			
			08/01/20		125,000.00	5.000%			
			08/01/21		130,000.00	5.000%			
			08/01/22		135,000.00	5.000%			
Ref. \$							\$ 1,795,000.00	\$ 145,000.00	\$ 1,650,000.00
							C		C

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding			Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	December 31, 2011	Amount				
Wastewater Treatment Fund Loan of 1998	10/15/97	\$ 1,092,217	2/1/2012	\$ 7,118.56		n/a	\$ 275,907.24	\$ 57,423.07	\$ 218,484.17
			8/1/2012	48,248.03					
			2/1/2013	6,090.33					
			8/1/2013	50,383.60					
			2/1/2014	4,982.99					
			8/1/2014	52,440.07					
			2/1/2015	3,796.57					
			8/1/2015	45,424.02					

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans			Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Outstanding December 31, 2011						
	Date	Amount							
Wastewater Treatment Fund Loan of 2003A	10/15/02	\$ 1,843,735				n/a	\$ 1,136,691.42	\$ 94,733.86	\$ 1,041,957.56
	2/1/2012		19,760.18						
	8/1/2012		75,630.98						
	2/1/2013		18,363.41						
	8/1/2013		77,520.72						
	2/1/2014		16,810.53						
	8/1/2014		79,254.36						
	2/1/2015		15,171.38						
	8/1/2015		80,901.73						
	2/1/2016		13,528.12						
	8/1/2016		79,258.47						
	2/1/2017		11,884.86						
	8/1/2017		80,901.73						
	2/1/2018		10,159.44						
	8/1/2018		85,749.34						
	2/1/2019		8,269.69						
	8/1/2019		87,146.11						
	2/1/2020		6,297.78						
	8/1/2020		88,460.72						
	2/1/2021		4,243.71						
	8/1/2021		89,693.16						
	2/1/2022		2,107.47						
8/1/2022		90,843.67							
							\$ 1,412,598.66	\$ 152,156.93	\$ 1,260,441.73
							C		C
Ref.									



**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Outstanding December 31, 2011	Interest Rate	Amount					
			Date							
Skateboard Park	04/19/05	\$ 120,000	2012		\$ 5,732.48	2.000%	\$ 93,520.23	\$	\$ 5,619.54	\$ 87,900.69
			2013		5,847.71					
			2014		5,965.25					
			2015		6,085.15					
			2016		6,207.46					
			2017		6,332.24					
			2018		6,459.51					
			2019		6,589.35					
			2020		6,721.80					
			2021		6,856.90					
			2022		6,994.72					
			2023		7,135.32					
			2024		7,278.74					
			2025		3,694.06					
							\$ 93,520.23	\$	\$ 5,619.54	\$ 87,900.69
							C			C
				Ref.						

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
1519 / 1600	Various Capital Improvements	12/14/07	12/10/10 12/09/11	12/09/11 12/07/12	1.500% 1.250%	\$ 1,400,000.00	\$ 1,400,000.00	\$ 1,400,000.00	- 1,400,000.00
1526	Demolition of Seaport Pier	05/19/11	05/19/11	05/18/12	1.500%		100,000.00		100,000.00
1534 / 1600	Various Capital Improvements	12/11/09	12/10/10 12/09/11	12/09/11 12/07/12	1.500% 1.250%	4,750,000.00	4,750,000.00	4,750,000.00	- 4,750,000.00
1540	Seawall and Beach Fill Project	05/19/11	05/19/11	05/18/12	1.500%		1,400,000.00		1,400,000.00
1546	Utility Reconstruction - 12th Avenue	12/11/09	12/10/10 12/09/11	12/09/11 12/07/12	1.500% 1.250%	290,000.00	290,000.00	290,000.00	- 290,000.00
1562	Various Capital Improvements	12/31/09 *	12/09/11	12/07/12	1.250%	1,800,000.00	1,800,000.00	1,800,000.00	- 1,800,000.00
1580	Storm Drainage Improvements and the Replenishment of the Beach	05/20/10	05/19/11	05/18/12	1.500%	4,500,000.00			4,500,000.00
						\$ 12,740,000.00	\$ 9,740,000.00	\$ 8,240,000.00	\$ 14,240,000.00
						C			C

\* Note funded internally by Current Fund prior to 2011.

**CITY OF NORTH WILDWOOD**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Debt Issued</u>	<u>Other</u>	<u>Balance Dec. 31, 2011</u>
<b><u>GENERAL IMPROVEMENTS</u></b>					
1519 / 1600	Various Capital Improvements	\$ 20,000.00	\$		\$ 20,000.00
1522	Sanitary Sewer Improvements	4,717.00			4,717.00
1526	Demolition of Seaport Pier	150,000.00	100,000.00		50,000.00
1540	Sea Wall and Beachfill Project	1,425,000.00	1,400,000.00		25,000.00
1541	Acquisition of Property	332,000.00			332,000.00
1553	Sanitary Sewer Improvements Phase II	6,100,000.00	5,781,613.00		318,387.00
1562	Various Capital Improvements	45,000.00			45,000.00
1576	Sanitary Sewer Improvements Phase III	3,650,000.00			3,650,000.00
1580	Storm Drainage Improvements and the Replenishment of the Beach	931,250.00			931,250.00
		<u>\$ 12,657,967.00</u>	<u>\$ 7,281,613.00</u>	<u>\$ -</u>	<u>\$ 5,376,354.00</u>
		<u>C</u>			<u>C</u>
Ref.					
		\$	\$		
			1,500,000.00	New Notes Issued	
		\$	4,572,000.00	USDA Bonds Issued	
			1,209,613.00	USDA Grant	
		<u>\$ 7,281,613.00</u>	<u>7,281,613.00</u>		

**CITY OF NORTH WILDWOOD**  
**PUBLIC ASSISTANCE FUND**  
**SCHEDULE OF CASH - TREASURER**

	Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2010	E	\$ 2,805.33	\$ 91,969.58
Increased By Receipts:			
State Aid for Public Assistance	\$		\$ 89,900.00
Supplemental Social Security Income			3,360.00
Refund of General Assistance			-
Interest Earned on Deposits		18.45	729.78
		<u>18.45</u>	<u>93,989.78</u>
		2,823.78	185,959.36
Decreased By Disbursements:			
Public Assistance			62,779.27
Supplemental Security Income Refund			
			<u>62,779.27</u>
Balance December 31, 2011	E	\$ <u>2,823.78</u>	\$ <u>123,180.09</u>

**CITY OF NORTH WILDWOOD**  
**PUBLIC ASSISTANCE FUND**  
**STATEMENT OF PUBLIC ASSISTANCE CASH AND RECONCILIATION**  
**PER N.J.S. 40A:5-5**

	Ref.	Trust Fund I		Trust Fund II
Balance December 31, 2011	E-1	\$	2,823.78	\$ 123,180.09
Increased By Receipts:				
Cash Receipts Record		\$	5.68	89.07
			<u>5.68</u>	<u>89.07</u>
			2,829.46	123,269.16
Decreased By Disbursements:				
Cash Disbursement Record		-		123,269.16
			<u>-</u>	<u>123,269.16</u>
Balance May 31, 2012	E-2	\$	<u>2,829.46</u>	\$ <u>-</u>
Reconciliation May 31, 2012				
Balance on Deposit per Statement:				
Crest Savings		\$	2,829.46	\$ -
Less: Outstanding Checks				
Plus: Deposits in Transit				
Book Balance		\$	<u>2,829.46</u>	\$ <u>-</u>

**CITY OF NORTH WILDWOOD**  
**PUBLIC ASSISTANCE FUND**  
**SCHEDULE OF REVENUES**

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$		\$ 89,900.00
Supplemental Security Income (SSI)			3,360.00
Interest Earned		18.45	729.78
Total Revenues (PATF)		<u>18.45</u>	<u>93,989.78</u>
Total Receipts	\$	<u>18.45</u>	\$ <u>93,989.78</u>

**SCHEDULE OF EXPENDITURES**

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):			
Assistance Payments	\$		\$ 62,779.27
Total Reported		<u>-</u>	<u>62,779.27</u>
Total Disbursements (PATF)	\$	<u>-</u>	\$ <u>62,779.27</u>

**CITY OF NORTH WILDWOOD**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

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

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

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

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as item #2011-1, which we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of North Wildwood's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division, which are described in the accompanying schedule of findings and recommendations as items #2011-2, #2011-3.

We noted certain matters that we reported to management of the City of North Wildwood in a separate letter dated June 29, 2012.

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

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

*Leon P. Costello*

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

**June 29, 2012**

## CITY OF NORTH WILDWOOD

### GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." The bid threshold for the City is \$36,000.

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

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

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

- Boardwalk Shelter Advertising
- Reconstruction of Portions of Surf Avenue – Phase 2
- Lacrosse Camp
- Custodial Services
- Boardwalk Bathroom Maintenance & Cleaning Services
- Recoating of Central Avenue
- Beach Umbrella Stand Concession
- Central Avenue Curb Replacement
- Removal, Disposal & Replacement of Windows at Recreation Center
- Emergency Sewer Repair
- 2011 Street Resurfacing Contract
- Seawall Concrete Cap Construction – JFK Beach Drive
- City Hall HVAC
- USDA Phase 3 Road Program
- Reconstruction of Bayfront Bulkhead at Various Locations

## CITY OF NORTH WILDWOOD

### GENERAL COMMENTS (Continued)

#### **Collection of Interest on Delinquent Taxes and Assessments**

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

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

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

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

This Resolution shall take effect January 1, 2011.

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

#### **Delinquent Taxes and Tax Title Liens**

The tax sale was held on December 28, 2011 and was complete.

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

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

<u>Year</u>	<u>Number</u>
2011	3
2010	3
2009	3

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

**CITY OF NORTH WILDWOOD**

**GENERAL COMMENTS (Continued)**

**Verification of Delinquent Taxes and Other Charges**

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

<b><u>Type:</u></b>	<b><u>Number Mailed</u></b>
Payments of 2011 and 2012 Taxes	40
Current Sewer Utility Rents	25
Delinquent Sewer Rents	40
Total	<u>105</u>

**Deposit of Municipal Funds**

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

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

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

Our examination revealed that receipts were deposited within the mandated time.

## CITY OF NORTH WILDWOOD

### FINDINGS AND RECOMMENDATIONS

#### **\* Finding #2011-1:**

The fixed asset listing was not properly maintained during the year.

**Criteria:**

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

**Condition:**

The City disposed of assets in a previous year without deleting them from the City's fixed asset listing.

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

#### **\* Finding #2011-2:**

Our audit of the City's accounts noted a number of interfund balances on the books at year end.

**Criteria:**

Interfund receivables and payables arise from transactions between funds and are recorded by all funds affected by such transactions in the period in which the transaction is executed.

**Condition:**

The interfunds on the City's books at year end amounted to \$432,537.42 in total.

**Cause:**

The City failed to clear interfund balances prior to year end.

**Effect:**

The interfund balances affect the operating positions of the funds involved.

**Recommendation:**

That all interfund balances be liquidated at year end.

**CITY OF NORTH WILDWOOD**

**\* Finding #2011-3:**

The City Overexpended its Workers Compensation Line Item Budget by \$40,409.15.

**Criteria:**

Local Budget Law and Local Finance Board Regulations do not permit expenses to be made without prior appropriation.

**Condition:**

The amount expended exceeded the available appropriation amount.

**Cause:**

The amount expended exceeded the available appropriation amount.

**Effect:**

The City must raise the over-expenditure in the 2012 budget as a deferred charge.

**Recommendation:**

We recommend that expenditures not exceed available line item appropriations.

\* Indicates a similar recommendation made in the prior year.

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the Board of Commissioners in response to my recommendation.

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

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

*Leon P. Costello*

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**No. 393**

**June 29, 2012**

**CITY OF NORTH WILDWOOD**

**PART III**

**FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

**CITY OF NORTH WILDWOOD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Grantor	Federal CFDA Number	Pass-Through Entity ID#	Grant Period	Program or Award Amount	Cash Received	Amount of Expenditures	Cumulative Expenditures
U.S. Department of Agriculture:							
Rural Development - Rural Utilities Service Grant - Phase 1	10.760	N/A	4/30/08 - close	\$ 1,528,000.00	\$ 1,209,613.00	\$ 1,209,613.00	\$ 1,528,000.00
Rural Development - Rural Utilities Service Loan - Phase 2	10.760	N/A	4/30/08 - close	4,572,000.00	4,572,000.00	4,572,000.00	4,572,000.00
U.S. Department of Justice:							
Office of Justice Programs							
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	open	181,351.00	-	12,000.00	181,325.97
U.S. Department of Housing and Urban Development							
Pass through the N.J. Department of Community Affairs							
Small Cities - CDBG - ADA Compliant Improvements	14.228	22802010007811	2010 - close	290,400.00	212,033.00	255,265.75	255,265.75
Social Security Administration							
Supplemental Security Income	96.006	N/A	01/01/11-12/31/11	3,360.00	3,360.00	3,360.00	3,360.00
Total Federal Assistance				\$ 5,997,006.00	\$ 6,052,238.75	\$ 6,539,951.72	



**CITY OF NORTH WILDWOOD**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

**Note 1: General**

The accompanying schedule of financial assistance presents the activity of all federal financial assistance programs of the City of North Wildwood, County of Cape May, State of New Jersey. The City is defined in Note 1 to the City's financial statements – regulatory basis.

**Note 2: Basis of Accounting**

The accompanying schedule of financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

**Note 3: Relationship to Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements – regulatory basis. Expenditures from awards are reported in the City's financial statements as follows.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 267,265.75	\$ 311,156.98	\$ 578,422.73
Capital Fund	5,781,613.00		5,781,613.00
Public Assistance Fund	<u>3,360.00</u>	<u>59,419.27</u>	<u>62,779.27</u>
Total Financial Assistance	<u>\$ 6,052,238.75</u>	<u>\$ 370,576.25</u>	<u>\$ 6,422,815.00</u>

**Note 4: Relationship to State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the City of North Wildwood, State of New Jersey (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that are applicable to each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, OMB A-133 and OMB 04-04 and State of New Jersey prescribed audit requirements 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 program occurred. An audit includes examining on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 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's control over compliance.

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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use management of the City, Division of Local Government Services, Department of Community Affairs, State of New Jersey (cognizant audit agency), other federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

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

*Leon P. Costello*

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**No. 393**

**June 29, 2012**

**CITY OF NORTH WILDWOOD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

Unqualified Opinion on a  
Regulatory Basis of Accounting

Internal control over financial reporting:

- 1) Material weakness identified? ☐ Yes ☒ No
- 2) Significant deficiencies identified? ☒ Yes ☐ None reported
- Non-compliance material to general-purpose financial  
statements noted? ☒ Yes ☐ No

**Federal Awards**

Internal Control over major programs:

- 1) Material weakness identified? ☐ Yes ☒ No
- 2) Significant deficiencies identified? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unqualified Opinion

Any audit findings disclosed that are required to be reported in  
accordance with section .510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

10.760

Rural Development – Rural Utilities Service  
Grant & Loan

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

**CITY OF NORTH WILDWOOD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

**I. SUMMARY OF AUDITOR'S RESULTS (Continued)**

**State Awards**

Not Applicable

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

In accordance with Government Auditing Standards, our audit disclosed findings relating to the financial statements – regulatory basis that are required to be reported. See separate findings and recommendations section of this report (Finding #2011-1 to #2011-3). We also noted certain other findings that are reported to the governing body in the Management Letter.

**MANAGEMENT RESPONSES**

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

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS**

**Federal Programs:** None

**State Programs:** Not Applicable

**STATUS OF PRIOR YEAR FINDINGS**

None