

**CITY OF NORTH WILDWOOD
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2012**

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CITY OF NORTH WILDWOOD

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Wildwood’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013 on our consideration of the City of North Wildwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Wildwood's internal control over financial reporting and compliance.

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

Leon P. Costello

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

**EXHIBIT - A
CURRENT FUND**

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

	Ref.	<u>Balance</u> Dec. 31, 2012	<u>Balance</u> Dec. 31, 2011
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 6,998,996.25	\$ 7,168,413.29
Change and Petty Cash Funds		<u>1,000.00</u>	<u>1,650.00</u>
		<u>6,999,996.25</u>	<u>7,170,063.29</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	360,429.61	328,111.34
Tax Title Liens Receivable	A-8	671.56	641.76
Revenue Accounts Receivable	A-9	302,977.51	289,966.56
Interfunds:			
Due from Trust - Assessment	B	265.00	-
Due from Trust - Other	B	11,627.86	8,598.63
Due from Animal Control	B	<u>706.80</u>	<u>468.00</u>
		<u>676,678.34</u>	<u>627,786.29</u>
Deferred Charges:			
Special Emergency Authorization			
5 Years (40A:4-55)		60,000.00	102,000.00
Emergency Appropriation		365,000.00	-
Expenditure without an Appropriation		-	41,988.63
Overexpenditure of Appropriations	A-3	<u>-</u>	<u>40,409.15</u>
		<u>425,000.00</u>	<u>184,397.78</u>
		<u>8,101,674.59</u>	<u>7,982,247.36</u>
Federal and State Grant Fund:			
Grant Receivables	A-11	794,626.43	536,022.43
Due from Current Fund	A	88,899.48	76,917.24
Due from Trust Funds	B	78,893.35	180,599.72
Due from General Capital		4,636.03	-
Deferred Charges:			
Overexpenditure of Grant Reserve		6,942.00	3,845.21
		<u>973,997.29</u>	<u>797,384.60</u>
		<u>\$ 9,075,671.88</u>	<u>\$ 8,779,631.96</u>

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 1,286,793.11	\$ 909,600.39
Reserve for Encumbrances	A-3	122,161.25	189,699.25
Prepaid Taxes		754,298.98	884,552.99
Tax Overpayments		23,790.07	157,371.08
Sewer Rent Overpayments		17,892.90	25,133.60
Local School Tax Payable		579,327.50	704,921.50
County Added & Omitted		12,544.33	14,786.24
Special District Taxes Payable		257.83	257.83
Payroll Taxes Payable		7,504.04	7,642.84
Due to State - Marriage Licenses		500.00	50.00
Due to State - Seniors & Veterans		2,348.36	1,311.02
Due to Federal and State Grant Fund		88,899.48	76,917.24
Due to Trust - Other	B	424.00	424.00
Due to Tourism		162.00	-
Due to GWTIDA		5,498.00	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		40,518.50	45,718.50
Reserve for 1.85% Room Tax		262,416.32	255,317.70
Emergency Note Payable		365,000.00	-
		<u>3,696,617.67</u>	<u>3,747,250.18</u>
Reserve for Receivables and Other Assets		676,678.34	627,786.29
Fund Balance	A-1	<u>3,728,378.58</u>	<u>3,607,210.89</u>
		<u>8,101,674.59</u>	<u>7,982,247.36</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	102,576.23	68,052.72
Appropriated Reserves	A-13	871,421.06	586,624.05
Encumbrances Payable		-	14,458.00
Due to Current Fund	A	-	-
Due to General Capital Fund	C	-	128,249.83
		<u>973,997.29</u>	<u>797,384.60</u>
		<u>\$ 9,075,671.88</u>	<u>\$ 8,779,631.96</u>

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,900,000.00	\$ 1,900,000.00
Miscellaneous Revenue Anticipated		7,422,699.37	7,345,581.99
Receipts from Delinquent Taxes		6,033.91	(22,007.39)
Receipts from Current Taxes		29,272,832.86	29,397,366.78
Non-Budget Revenue		303,499.46	325,196.63
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		871,804.97	473,975.49
Interfunds Returned		-	240,119.47
		<u>39,776,870.57</u>	<u>39,660,232.97</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,084,394.25	8,172,319.14
Other Expenses		7,156,574.55	7,125,482.82
Deferred Charges & Statutory Expenditures		1,746,843.99	1,777,691.00
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses		4,005,636.30	3,907,401.77
Capital Improvements		150,000.00	150,000.00
Municipal Debt Service		4,264,764.96	3,573,737.83
Deferred Charges & Statutory Expenditures		42,000.00	44,755.00
Special District Taxes		50,000.00	32,000.00
County Taxes		6,480,796.18	6,573,497.92
County Added and Omitted Taxes		12,544.33	14,786.24
Local District School Tax		6,118,240.00	6,369,428.00
Refund of Prior Year Revenue		5,617.29	8,213.99
Refund Miscellaneous Revenue Not Anticipated			-
Interfund Created		3,291.03	4,534.04
		<u>38,120,702.88</u>	<u>37,753,847.75</u>

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ 1,656,167.69	\$ 1,906,385.22
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		365,000.00	40,409.15
		<u>365,000.00</u>	<u>40,409.15</u>
Statutory Excess to Fund Balance		2,021,167.69	1,946,794.37
Fund Balance January 1	A	<u>3,607,210.89</u>	<u>3,560,416.52</u>
		5,628,378.58	5,507,210.89
Decreased by:			
Utilization as Anticipated Revenue		<u>1,900,000.00</u>	<u>1,900,000.00</u>
Fund Balance December 31	A	<u>\$ 3,728,378.58</u>	<u>\$ 3,607,210.89</u>

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

	Ref.	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
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		55,675.00	5,675.00
Other		170,000.00		195,837.00	25,837.00
Fees and Permits		220,000.00		285,353.77	65,353.77
Fines and Costs:					
Municipal Court		560,000.00		451,645.85	(108,354.15)
Interest and Costs on Taxes		66,000.00		104,709.24	38,709.24
Parking Meters		700,000.00		806,547.92	106,547.92
Interest on Investments		30,000.00		58,022.60	28,022.60
Emergency Rescue Services		240,000.00		262,998.46	22,998.46
Fire Inspector Fees		140,000.00		169,641.56	29,641.56
Sewer Rents		3,475,000.00		3,720,092.70	245,092.70
Rental of City Property		90,000.00		136,625.55	46,625.55
Tram Car Lease		30,000.00		30,000.00	-
Consolidated Municipal Property Tax Relief Aid		-		-	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		442,027.00		442,027.00	-
Special Items:					
State and Federal Programs Off-Set by Revenues:					
FEMA - Assistance to Firefighters Grant			-	-	-
2011 Energy Efficiency and Conservation Block Grant			-	-	-
Small Cities CDBG - 2012 ADA			\$ 400,000.00	\$ 400,000.00	-
NJDEP - Clean Communities Program			27,407.49	27,407.49	-
Body Armor Grant		2,885.81	-	2,885.81	-
Other Special Items:					
Uniform Fire Safety Act		15,000.00		17,911.72	2,911.72
1.85% Beach Maintenance		255,317.70		255,317.70	-
Total Miscellaneous Revenues	A-1	6,486,230.51	427,407.49	7,422,699.37	509,061.37

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

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or</u>
	A-1:A-2	-	N.J.S. 40A:4-87	6,033.91	(Deficit)
				<u>6,033.91</u>	<u>6,033.91</u>
Receipts from Delinquent Taxes					
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	\$	16,728,582.34	\$	17,060,556.09	\$ 331,973.75
Addition to Local District School Tax					
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>16,728,582.34</u>	-	<u>17,060,556.09</u>	<u>331,973.75</u>
Budget Totals		25,114,812.85	427,407.49	26,389,289.37	847,069.03
Non-Budget Revenues				303,499.46	303,499.46
	\$	<u>25,114,812.85</u>	\$ 427,407.49	<u>26,692,788.83</u>	\$ <u>1,150,568.49</u>

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

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 29,272,832.86
Allocated to:	
School, County and Other Taxes	<u>12,661,580.51</u>
Balance for Support of Municipal Budget Appropriations	16,611,252.35
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>449,303.74</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 17,060,556.09</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 6,033.91
Tax Title Lien Collections	
	<u>\$ 6,033.91</u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Bureau of Housing Inspection	-
Clerk's Office Miscellaneous Revenue	\$ 8,812.35
Reimbursements	16,768.60
Restitution	294.00
Photocopies	4,545.29
Fire Reports	22.03
UCC Admin Fees	17,284.00
Sewer Collector - Interest	36,242.32
Payment in Lieu of Taxes	1,107.72
Tax and Utility Collector - Miscellaneous	300.00
Miscellaneous	<u>218,123.15</u>
	<u>\$ 303,499.46</u>

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	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration	\$ 67,296.00	\$ 67,296.00	\$ 60,013.86	\$ -	\$ 7,282.14	\$
Salaries and Wages	108,050.00	108,050.00	104,516.41	1,329.15	2,204.44	
Other Expenses						
Mayor and Council	104,787.59	104,787.59	104,200.30	-	587.29	
Salaries and Wages	8,000.00	8,000.00	3,180.55	-	4,819.45	
Other Expenses						
Municipal Clerk	212,729.14	213,229.14	213,129.49	-	99.65	
Salaries and Wages	67,700.00	67,700.00	50,215.82	4,068.54	13,415.64	
Other Expenses						
Financial Administration	179,006.04	167,906.04	153,239.33	-	14,666.71	
Salaries and Wages	53,601.71	53,601.71	39,003.00	813.00	13,785.71	
Other Expenses						
Audit Services	45,000.00	45,000.00	45,000.00	-	-	
Other Expenses						
Revenue Administration (Tax Collection)	177,083.39	177,083.39	169,441.15	-	7,642.24	
Salaries and Wages	26,055.00	26,055.00	21,647.31	259.88	4,147.81	
Other Expenses						
Tax Assessment Administration	149,867.93	149,867.93	146,371.00	-	3,496.93	
Salaries and Wages	43,500.00	43,500.00	30,217.54	4,560.00	8,722.46	
Other Expenses						
Legal Services	200,000.00	200,000.00	171,812.89	418.50	27,768.61	
Other Expenses						
Engineering Services and Costs	230,000.00	230,000.00	160,284.72	-	69,715.28	
Other Expenses						
Ambulance Billing Administration Fee	24,000.00	24,000.00	20,653.47	-	3,346.53	
Other Expenses						
LAND USE ADMINISTRATION:						
Planning Board	18,758.82	25,258.82	24,885.80	-	373.02	
Salaries and Wages	22,000.00	22,000.00	11,965.23	50.00	9,984.77	
Other Expenses						
Zoning Board of Adjustment	31,180.37	31,180.37	22,453.28	-	8,727.09	
Salaries and Wages	20,150.00	20,150.00	14,260.91	486.03	5,403.06	
Other Expenses						
INSURANCE (NJSA 40A:4-34.3oo):						
General Liability Insurance	468,315.00	468,315.00	465,692.85	-	2,622.15	
Workers Compensation Insurance	331,014.00	331,014.00	330,450.15	-	563.85	
Employee Group Health Insurance	2,194,635.94	2,194,635.94	2,149,087.90	-	45,548.04	
Health Benefits Waiver						
Salaries and Wages	6,000.00	6,000.00	-	-	6,000.00	

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	
PUBLIC SAFETY:						
Fire Department						
Salaries and Wages	\$ 1,219,353.83	\$ 1,219,353.83	\$ 1,176,111.94	\$ -	\$ 43,241.89	\$ -
Other Expenses	71,610.00	71,610.00	52,634.69	8,385.18	10,590.13	-
Fire Safety Act						
Salaries and Wages	112,920.28	112,920.28	110,478.04	-	2,442.24	-
Other Expenses	23,000.00	23,000.00	12,030.78	746.47	10,222.75	-
Aid to Volunteer Fire Company						
Other Expenses	80,000.00	80,000.00	76,800.00	-	3,200.00	-
Police Department						
Salaries and Wages	3,213,766.25	3,213,766.25	3,160,055.58	-	53,710.67	-
Other Expenses	237,735.90	237,735.90	212,260.79	24,465.16	1,009.95	-
Office of Emergency Management						
Salaries and Wages	4,036.50	4,136.50	4,057.56	-	78.94	-
Other Expenses	16,400.00	16,400.00	12,007.01	4,378.94	14.05	-
Municipal Court						
Salaries and Wages	196,506.96	196,506.96	195,864.75	-	642.21	-
Other Expenses	18,982.00	18,982.00	12,912.87	781.97	5,287.16	-
Municipal Prosecutor						
Salaries and Wages	26,780.00	26,780.00	26,780.00	-	-	-
Public Defender						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	-
PUBLIC WORKS:						
Public Works Department						
Salaries and Wages	1,079,155.12	1,079,155.12	952,689.93	-	126,465.19	-
Other Expenses	322,000.00	322,000.00	292,597.49	26,850.65	2,551.86	-
Garbage and Trash						
Other Expenses	555,000.00	555,000.00	484,596.94	-	70,403.06	-
Fleet Maintenance						
Salaries and Wages	129,456.56	129,456.56	114,786.42	-	14,670.14	-
Other Expenses	130,100.00	130,100.00	99,732.65	14,203.43	16,163.92	-
Public Buildings and Grounds						
Salaries and Wages	143,486.98	143,486.98	142,452.18	-	1,034.80	-
Other Expenses	166,719.00	166,719.00	119,717.88	7,317.01	39,684.11	-
HEALTH AND HUMAN SERVICES:						
Dog Regulation						
Other Expenses	31,616.00	31,616.00	31,616.00	-	-	-

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
PARKS AND RECREATION:								
Lifeguards	\$ 525,330.53	\$	\$ 525,330.53	\$ 509,664.61	\$ -	\$ 15,665.92	\$	
Salaries and Wages	53,300.00		53,300.00	49,741.63	76.40	3,481.97		
Other Expenses								
Recreation Center								
Salaries and Wages	294,801.52		294,801.52	232,848.57	-	61,952.95		
Other Expenses	46,100.00		46,100.00	40,163.76	2,003.69	3,932.55		
Parks and Playgrounds								
Salaries and Wages	124,348.16		124,348.16	107,979.13	-	16,369.03		
Other Expenses	55,590.00		55,590.00	39,987.80	1,745.76	13,856.44		
UNIFORM CONSTRUCTION CODE								
Construction Official	67,742.28		67,742.28	67,235.57	-	506.71		
Salaries & Wages	17,950.00		17,950.00	4,063.61	17.69	13,868.70		
Other Expenses								
UNCLASSIFIED:								
Celebration of Public Events, Anniversary or Holiday	99,950.00		99,950.00	80,940.86	263.42	18,745.72		
Other Expenses								
UTILITY EXPENSES AND BULK PURCHASES:								
Electric	185,000.00		185,000.00	154,647.06	-	30,352.94		
Street Lighting	230,000.00		230,000.00	229,424.12	-	575.88		
Telephone	180,000.00		180,000.00	117,927.65	8,105.90	53,966.45		
Natural Gas	97,000.00		97,000.00	46,230.18	-	50,769.82		
Water	115,000.00		115,000.00	108,190.24	-	6,809.76		
Gasoline	240,000.00		240,000.00	213,027.53	10,834.48	16,137.99		
Traffic Lights	25,000.00		25,000.00	23,595.77	-	1,404.23		
LANDFILL / SOLID WASTE DISPOSAL COSTS								
Cape May County MUA Tipping Fee	310,000.00		310,000.00	258,446.16	-	51,553.84		
TOTAL OPERATIONS WITHIN "CAPS"	15,244,468.80		15,240,468.80	14,096,020.71	122,161.25	1,022,286.84		-
Contingent	500.00		500.00	-	-	500.00		
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	15,244,968.80		15,240,968.80	14,096,020.71	122,161.25	1,022,786.84		-
Detail:								
Salaries and Wages	8,088,394.25		8,084,394.25	7,704,738.49	-	379,655.76		-
Other Expenses	7,156,574.55		7,156,574.55	6,391,282.22	122,161.25	643,131.08		-
DEFERRED CHARGES:								
Overexpenditure of Appropriations	86,242.99		86,242.99	86,242.99	-	-		

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	
STATUTORY EXPENDITURES:						
Contributions to:						
Public Employees' Retirement System	\$ 363,107.00	\$ 363,107.00	\$ 363,107.00	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)	460,000.00	460,000.00	405,520.73	-	54,479.27	-
Police and Firemen's Retirement System	732,494.00	732,494.00	732,494.00	-	-	-
Unemployment Compensation Insurance	43,000.00	43,000.00	36,497.51	-	6,502.49	-
Lifeguard Pension	22,000.00	22,000.00	-	-	22,000.00	-
Retirement Reserve	39,000.00	39,000.00	5,000.00	-	34,000.00	-
Defined Contribution Retirement Program	1,000.00	1,000.00	781.59	-	218.41	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	1,746,843.99	1,746,843.99	1,629,643.82	-	117,200.17	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	16,991,812.79	16,987,812.79	15,725,664.53	122,161.25	1,139,987.01	-
OPERATIONS EXCLUDED FROM "CAPS"						
Insurance						
Employee Group Health	132,150.00	132,150.00	-	-	132,150.00	-
Payments to Cape May County Municipal Utilities Authority - Sewer Charges	3,395,483.00	3,395,483.00	3,382,780.00	-	12,703.00	-
Statutory Expenditures:						
Length of Service Aware Program (LOSAP)	42,000.00	46,000.00	45,756.90	-	243.10	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	3,569,633.00	3,573,633.00	3,428,536.90	-	145,096.10	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
NJDEP - Clean Communities Program	27,407.49	27,407.49	27,407.49	-	-	-
Small Cities CDBG - ADA - 2012	400,000.00	400,000.00	400,000.00	-	-	-
Municipal Alliance - Local Share	1,710.00	1,710.00	-	-	1,710.00	-
Body Armor Grant	2,885.81	2,885.81	2,885.81	-	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	432,003.30	432,003.30	430,293.30	-	1,710.00	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	4,001,636.30	4,005,636.30	3,858,830.20	-	146,806.10	-
Detail:						
Salaries and Wages	4,001,636.30	4,005,636.30	3,858,830.20	-	146,806.10	-
Other Expenses						

**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 Reserved	
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	2,160,000.00	2,160,000.00	2,160,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	-	365,000.00	365,000.00	-	-
Interest on Bonds	611,465.00	611,465.00	611,465.00	-	-
Interest on Notes	192,427.78	192,427.78	192,177.76	-	250.02
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	-	-
USDA Bonds - Series 2011A	221,652.00	221,652.00	221,652.00	-	-
NJEIT - 1997 & 2002 Issues	383,382.75	383,382.75	375,930.22	-	7,452.53
TOTAL DEBT SERVICE	<u>3,907,467.51</u>	<u>4,272,467.51</u>	<u>4,264,764.96</u>	<u>-</u>	<u>7,702.55</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Special Emergency Authorization - 5 Years	42,000.00	42,000.00	42,000.00	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	<u>42,000.00</u>	<u>42,000.00</u>	<u>42,000.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 8,101,103.81	\$ 8,470,103.81	\$ 8,315,595.16	\$ -	\$ 146,806.10
SUBTOTAL GENERAL APPROPRIATIONS	<u>25,092,916.60</u>	<u>25,457,916.60</u>	<u>24,041,259.69</u>	<u>122,161.25</u>	<u>7,702.55</u>
Reserve for Uncollected Taxes	449,303.74	449,303.74	449,303.74	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 25,542,220.34</u>	<u>\$ 25,907,220.34</u>	<u>\$ 24,490,563.43</u>	<u>\$ 122,161.25</u>	<u>\$ 1,286,793.11</u>
Original Budget	\$ 25,114,812.85				
Emergency	365,000.00				
Appropriation by 40A.4-87	427,407.49				
	<u>\$ 25,907,220.34</u>				
Cash Disbursed	\$	\$ 23,782,713.95			
Reserve for Uncollected Taxes		449,303.74			
Reimbursements		(299,990.55)			
Federal and State Grants		430,293.30			
Deferred Charges		128,242.99			
	\$	<u>\$ 24,490,563.43</u>			

See Accompanying Notes to Financial Statements - Regulatory Basis

**EXHIBIT - B
TRUST FUND**

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assessment Fund:</u>			
Cash and Investments	B-2	\$ 15,439.68	\$ 15,102.37
Assessments Receivable		3,472.07	3,472.07
		<u>18,911.75</u>	<u>18,574.44</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	1,196.80	1,016.00
		<u>1,196.80</u>	<u>1,016.00</u>
<u>Other Funds</u>			
Cash and Investments	B-2	1,751,750.88	2,036,439.01
Due from State of NJ Historic Preservation		-	101,706.37
Due from Current Fund	A	424.00	424.00
		<u>1,752,174.88</u>	<u>2,138,569.38</u>
		<u>\$ 1,772,283.43</u>	<u>\$ 2,158,159.82</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assessment Fund:</u>			
Reserve for Assessments & Liens		\$ 5,500.00	\$ 5,500.00
Fund Balance		13,146.75	13,074.44
Due to Current Fund		265.00	-
		<u>18,911.75</u>	<u>18,574.44</u>
<u>Animal Control Fund</u>			
Reserve for Dog Expenditures	B-4	490.00	788.00
Due to Current Fund	A:B-6	706.80	228.00
		<u>1,196.80</u>	<u>1,016.00</u>
<u>Other Funds</u>			
Deposits for Redemption of Tax Sale Certificates		112,554.10	75,582.12
Premiums Received at Tax Sale		287,101.26	425,883.26
Due to Current Fund	A:B	11,627.86	8,598.63
Due to Grant Fund	A	78,893.35	180,599.72
Reserve for Tourism Development		42,972.36	29,431.86
Reserve for Recreation		134,293.33	219,821.27
Reserve for Centennial Celebration		-	2,040.76
Reserve for Parking Offenses Adjudication Act		20,424.17	18,112.17
Reserve for Public Defender		8,386.52	7,779.52
Reserve for Municipal Alliance		6,954.15	9,907.46
Reserve for Lighthouse Trust		1,127.49	-
Reserve for D.A.R.E.		1,144.21	1,415.12
Reserve for Disposal of Forfeited Property		3,318.87	3,318.87
Reserve for Off Duty Police		1,688.10	-
Reserve for Recreation - Junior Lifeguards		741.85	-
Reserve for Lifeguard Pension		276,517.32	298,060.38
Reserve for Fire Prevention		7,216.04	5,564.42
Reserve for Small Cities Escrow		114,065.91	211,199.53
Reserve for Municipal Parking Improvements		63.34	34,443.88
Reserve for Developers' Escrow		275,749.52	255,901.08
Reserve for UEZ 2nd Generation Funds		67,679.53	153,719.53
Reserve for Memorials/Beautification Enhancement		81,658.00	53,958.00
Reserve for UCC Third Party		217,997.60	143,231.80
		<u>1,752,174.88</u>	<u>2,138,569.38</u>
		<u>\$ 1,772,283.43</u>	<u>\$ 2,158,159.82</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash and Investments	C-2,C-3	\$ (825,295.80)	\$ 7,175,729.39
Deferred Charges to Future Taxation:			
Funded	C-5	29,311,845.58	31,920,150.18
Unfunded	C-6	21,159,637.00	19,616,354.00
Due from Current Fund		37,280.00	37,280.00
Due from Federal & State Grant Fund		-	128,249.83
		<u>\$ 49,683,466.78</u>	<u>\$ 58,877,763.40</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 16,410,000.00	\$ 18,570,000.00
Wastewater Treatment Trust Bond	C-8A	1,500,000.00	1,650,000.00
Wastewater Treatment Trust Loan	C-8B	1,109,683.98	1,260,441.73
U.S.D.A. Bonds Payable		10,209,993.39	10,351,807.76
Green Trust Loan Payable	C-8C	82,168.21	87,900.69
Bond Anticipation Notes Payable	C-9	11,475,000.00	14,240,000.00
Improvement Authorizations:			
Funded	C-7	1,008,737.43	147,249.39
Unfunded	C-7	4,877,855.17	8,094,077.24
Encumbrances Payable		3,788,771.49	712,692.09
Reserve to Pay Debt Service		377,958.71	2,748,357.63
Capital Improvement Fund	C-4	360,130.00	437,130.00
Due to Federal & State Grant Fund	C-3	4,636.03	-
Fund Balance	C-1	578,532.37	578,106.87
		<u>\$ 51,783,466.78</u>	<u>\$ 58,877,763.40</u>

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

Balance December 31, 2011	<u>Ref.</u> C		\$	578,106.87
Increased By:				
Premium on Sale of Notes		\$		-
Cancellation of Improvement Authorizations				<u>425.50</u>
				<u>425.50</u>
				<u>578,532.37</u>
Decreased By:				
None				<u>-</u>
Balance December 31, 2012	C		\$	<u><u>578,532.37</u></u>

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Cash Trust I	D-1	\$ 2,836.09	\$ 2,823.78
Cash Trust II	D-1	-	123,180.09
Due from State - State Aid		-	-
		<u>\$ 2,836.09</u>	<u>\$ 126,003.87</u>
<u>Liabilities and Reserves</u>			
Excess State Aid Advanced		\$ -	\$ 111,919.00
Reserve for Public Assistance		2,836.09	14,084.87
		<u>\$ 2,836.09</u>	<u>\$ 126,003.87</u>

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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

<u>General Fixed Assets</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</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	7,697,661.85	8,033,204.24
	<u>\$ 13,317,922.56</u>	<u>\$ 13,653,464.95</u>
 Investment in General Fixed Assets	 \$ 13,317,922.56	 \$ 13,653,464.95
	<u>\$ 13,317,922.56</u>	<u>\$ 13,653,464.95</u>

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – regulatory basis have been prepared on the regulatory basis established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from Accounting Principles Generally Accepted in the United States of America (GAAP). The more significant of the City's accounting policies are described below.

Description of Financial Reporting Entity

The City of 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 2012 census is 4,041. The City provides its citizens the following services: public safety, sanitation, recreation, public improvements, planning and zoning, sewer service and general administrative services.

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 Council 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, including Public Assistance, 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, 2012 AND 2011
(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 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the 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.

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.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

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

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

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 by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group.

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.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on April 1st of the year following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the 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, 2012 AND 2011
(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, 2012, 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 31st for the last two years.

		December 31, 2012		December 31, 2011
School Tax Payable	\$	579,327.50	\$	704,921.50
School Tax Deferred		2,479,787.50		2,479,787.50
	\$	3,059,115.00	\$	3,184,709.00

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 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The 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 31st 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, 2012 AND 2011
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements Not Yet Effective

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

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

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

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

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

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

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.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 40,786,845.58	\$ 46,160,150.18	\$ 42,498,298.52
Total Issued	<u>40,786,845.58</u>	<u>46,160,150.18</u>	<u>42,498,298.52</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	377,958.71	2,748,357.63	193,807.00
Net Debt Issued	<u>40,408,886.87</u>	<u>43,411,792.55</u>	<u>42,304,491.52</u>
<u>Authorized but not Issued</u>			
Bonds and Notes:			
General	<u>9,684,637.00</u>	<u>5,376,354.00</u>	<u>12,657,967.00</u>
Total Authorized but not Issued	9,684,637.00	5,376,354.00	12,657,967.00
Net Bonds and Notes Issued, and Authorized but not Issued	<u>\$ 50,093,523.87</u>	<u>\$ 48,788,146.55</u>	<u>\$ 54,962,458.52</u>

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.757%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,201,000.00	\$ 1,201,000.00	\$ -
General Debt	<u>50,471,482.58</u>	<u>377,958.71</u>	<u>50,093,523.87</u>
	<u>\$ 51,672,482.58</u>	<u>\$ 1,578,958.71</u>	<u>\$ 50,093,523.87</u>

Net Debt \$50,093,523.87 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,850,691,686 = 1.757%.

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

3-1/2% of Equalized Valuation Basis	\$	99,774,209.01
Net Debt		<u>50,093,523.87</u>
Remaining Borrowing Power	\$	<u><u>49,680,685.14</u></u>

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

Description of Bonds and Loans Payable

At December 31, 2012, bonds 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, 2012 is \$630,000.

\$8,000,000 General Improvement Bonds, dated December 1, 2004, due in annual installments through December 1, 2018, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$4,600,000.

\$13,600,000 General Improvement Bonds, dated December 1, 2009, due in annual installments through December 1, 2021, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$11,180,000.

\$1,075,000 New Jersey Wastewater Treatment Trust Bonds dated October 15, 1998, due in annual installments through October 15, 2017, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$385,000.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$1,745,000 New Jersey Wastewater Treatment Trust Bonds dated October 15, 2003, due in annual installments through August 1, 2022, bearing interest at various rates. The balance remaining as of December 31, 2012 is \$1,115,000.

\$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, 2012 is \$163,117.58.

\$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, 2012 is \$946,566.40.

\$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, 2012 is \$82,168.21.

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, 2012 AND 2011
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

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

On March 10, 2011, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2012A, 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, 2012.

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, 2012 is \$10,209,993.39.

Changes in Long-Term Debt

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

	<u>Outstanding</u> <u>12/31/11</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/12</u>
General Capital Fund:				
Serial Bonds Payable	\$ 18,570,000.00	\$	\$ 2,160,000.00	\$ 16,410,000.00
NJEIT Bonds Payable	1,650,000.00		150,000.00	1,500,000.00
NJEIT Loans Payable	1,260,441.73		150,757.75	1,109,683.98
Green Trust Loan	87,900.69		5,732.48	82,168.21
	<u>21,568,342.42</u>	<u>-</u>	<u>2,466,490.23</u>	<u>19,101,852.19</u>
U.S.D.A. Loans Payable	<u>10,351,807.76</u>		<u>(141,814.37)</u>	<u>10,209,993.39</u>
Total	<u>\$ 31,920,150.18</u>	<u>\$ -</u>	<u>\$ 2,324,675.86</u>	<u>\$ 29,311,845.58</u>

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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
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	2,389,118.83	334,832.24
2018-2022	7,311,593.37	631,290.12
2023-2025	18,108.12	546.85
	\$ 19,101,852.19	\$ 3,042,094.06

(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, 2012, the City estimates this liability to approximate \$867,536 based on 2012 pay rates and compensated absence balances. The balance at December 31, 2011, was \$816,345.

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, 2012 AND 2011
(CONTINUED)

Note 5: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2012	Balance December 31, 2011
	<u> </u>	<u> </u>
Prepaid Taxes - Cash Liability	\$ <u>754,298.98</u>	\$ <u>884,552.99</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, 2012 AND 2011
(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.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 6: PENSION PLANS (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 6: PENSION PLANS (Continued)

Funding Policy

For the Public Employees' Retirement System, the City's contribution was \$363,107.00 for 2012 and \$379,326.80 for the year 2011.

<u>Three-Year Trend Information for PERS</u>			
<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 363,107.00	100%	\$ -
12/31/11	379,326.80	100%	-
12/31/10	320,677.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$732,494.00 for 2012 and \$856,361.00 for 2011.

<u>Three-Year Trend Information for PFRS</u>			
<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 732,494.00	100%	\$ -
12/31/11	856,361.00	100%	-
12/31/10	712,618.00	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 \$781.59 for 2012 and \$759.61 for 2011.

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, 2012, the carrying amount of the City's deposits was \$10,044,925.10 and the bank balance was \$10,497,272.76. 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, 2012.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 8: PROPERTY TAXES

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

Upon the filing of certified adopted budgets by the municipality, the local 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 1st and May 1st respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due August 1st and November 1st 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.

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.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 8: PROPERTY TAXES (Continued)

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

Comparative Schedule of Tax Rates						
		2012		2011		2010
Tax Rate	\$	1.0740	\$	1.0720	\$	0.8450
Apportionment of Tax Rate:						
Municipal		0.6120		0.6000		0.4720
County		0.2380		0.2400		0.1870
Local School		0.2240		0.2320		0.1860

Assessed Valuation		
Year		Amount
2012	\$	2,737,383,216
2011		2,752,506,108
2010		3,504,353,878

Comparison of Tax Levies and Collections					
Year		Tax Levy		Collections	Percentage of Collections
2012	\$	29,506,711.60	\$	29,272,832.86	99.21%
2011		29,604,792.36		29,397,366.78	99.30%
2010		29,979,959.87		29,310,819.17	97.77%

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 8: PROPERTY TAXES (Continued)

Delinquent Taxes and Tax Title Liens								
Year		Tax Title Liens		Delinquent Taxes		Total Delinquent		Percentage of Tax Levy
2012	\$	671.56	\$	360,429.61	\$	361,101.17		1.22%
2011		641.76		328,111.34		328,753.10		1.11%
2010		602.10		328,306.03		328,908.13		1.10%

Property Acquired by Tax Title Lien Liquidation

In 2012, 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.

Year		Balance December 31st		Utilized in Budget of Succeeding Year		Percent Utilized
2012	\$	3,728,378.58	\$	1,900,000.00		50.96%
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%

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

Note 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 12,599.66	\$ 126,603.48
Federal and State Grant	172,428.86	-
Animal Control Trust Fund	-	706.80
Trust Fund - Other	424.00	90,521.21
Assessment Trust		265.00
General Capital Fund	<u>37,280.00</u>	<u>4,636.03</u>
Total	<u>\$ 222,732.52</u>	<u>\$ 222,732.52</u>

The balances are primarily the result of receipts collected for Federal and State Grants in the Current Fund which were not reimbursed to the Grant Fund prior to year end.

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.

In 2012, the City did an Emergency in the amount of \$365,000 for payment of principal on Bond Anticipation Notes. Accordingly, this amount is being raised in their 2013 Adopted Budget.

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 2012 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, 2012, 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, 2012 AND 2011
(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, 2012.

	Balance as of December 31, 2011	Additions	Disposals	Balance as of December 31, 2012
Land	\$ 2,506,100.00	\$	\$	\$ 2,506,100.00
Buildings	3,114,160.71			3,114,160.71
Machinery & Equipment	8,033,204.24	59,823.37	395,365.76	7,697,661.85
Total	<u>\$ 13,653,464.95</u>	<u>\$ 59,823.37</u>	<u>\$ 395,365.76</u>	<u>\$ 13,317,922.56</u>

Note 15: POST-RETIREMENT HEALTH BENEFITS

Effective March of 2012, 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.

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 insurance coverage for property, liability and surety bonds. During the year ended December 31, 2012 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

CITY OF NORTH WILDWOOD
NOTES TO FINANCIAL STATEMENTS
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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, 2012 is \$80,000.

Note 18: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and May 17, 2013, the date the financial statements were available to be issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

SUPPLEMENTARY INFORMATION

CITY OF NORTH WILDWOOD
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2011		\$ 7,168,413.29
Increased By Receipts:		
Taxes Receivable	\$	28,187,795.91
Prepaid Taxes		754,298.98
Due from State - Veterans and Senior Citizens		98,804.12
Due to State - Dog Licenses		3.20
Revenue Accounts Receivable		6,733,794.14
Miscellaneous Revenue Not Anticipated		303,499.46
Change fund		650.00
Appropriation Refunds		299,990.55
Sewer Overpayments		27,062.94
Payroll Deductions Payable		8,255,201.31
Marriage License Fees Due to State		850.00
Reserve for 1.85% Room Tax		262,416.32
Due from Federal and State Grant Fund		307,919.18
Due to Tourism		162.00
Due to GWTIDA		5,498.00
Emergency		365,000.00
		<u>45,602,946.11</u>
		52,771,359.40
Decreased By Disbursements:		
2012 Appropriations		23,782,713.95
2011 Appropriation Reserves		227,494.67
County Taxes		6,480,796.18
County Added and Omitted Taxes		14,786.24
Local District School Tax		6,243,834.00
Special District Taxes		50,000.00
Sewer Rent Overpayments		57.90
Refund of Tax Overpayments		59,075.66
Due to State - Marriage Licenses		400.00
Due to Federal and State Grant Fund		292,840.15
Due to Trust Operating - POAA		-
Due to GWTIDA		347,265.00
Payroll Deductions Paid		8,255,340.11
Reserve for Revaluation		5,200.00
Refund of Prior Year Revenue		5,617.29
Overexpenditure of Grant Appropriation		6,942.00
		<u>45,772,363.15</u>
Balance December 31, 2012		\$ <u><u>6,998,996.25</u></u>

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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
Arrears \$	18.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18.88
Prior	319,050.78	-	-	-	-	-	-	319,050.78
2011	9,041.68	-	-	-	6,033.91	-	-	3,007.77
2012	328,111.34	-	-	-	6,033.91	-	-	322,077.43
		29,506,711.60		884,552.99	28,388,279.87	195,496.76	29.80	38,352.18
\$	328,111.34	\$ 29,506,711.60	\$ -	\$ 884,552.99	\$ 28,394,313.78	\$ 195,496.76	\$ 29.80	\$ 360,429.61
Ref.	A							A

\$ 28,187,795.91 Taxes Receivable
97,766.78 Senior Citizens and Veterans
108,751.09 Overpayments
\$ 28,394,313.78

Analysis of 2011 Property Tax Levy
Tax Yield:
General Property Tax \$ 29,456,711.60
Special District Taxes 50,000.00
Added Taxes (54:4-63.1 et seq.)

Tax Levy:
Local District School Tax: \$ 6,118,240.00
Levy
Addition to Local District School Tax \$ 6,118,240.00
County Taxes 6,480,796.18
County Taxes Added and Omitted 12,544.33
Special District Tax 50,000.00
Local Tax for Municipal Purposes 16,728,582.34
Add: Additional Tax Levied 116,548.75
\$ 23,388,471.60
\$ 29,506,711.60

CITY OF NORTH WILDWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011	<u>Ref.</u> A		\$	641.76
Increased By:				
Transferred from Taxes Receivable		\$		29.80
				29.80
				671.56
Decreased By:				
None				-
				-
Balance December 31, 2012	A		\$	671.56

CITY OF NORTH WILDWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u> <u>In 2012</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Miscellaneous Revenue Anticipated:</u>					
Licenses:					
Alcoholic Beverages	\$	-	\$ 55,675.00	\$ 55,675.00	-
Other		-	195,837.00	195,837.00	-
Fees and Permits		-	285,353.77	285,353.77	-
Municipal Court - Fines and Costs		24,766.53	447,020.70	451,645.85	20,141.38
Interest and Costs on Taxes		-	104,709.24	104,709.24	-
Parking Meters		-	806,547.92	806,547.92	-
Interest on Investments		-	58,022.60	58,022.60	-
Emergency Rescue Services		-	262,998.46	262,998.46	-
Fire Inspection Fees		-	169,641.56	169,641.56	-
Sewer Rents		265,200.03	3,737,728.80	3,720,092.70	282,836.13
Tram Car Lease		-	30,000.00	30,000.00	-
Rental of City Property		-	136,625.55	136,625.55	-
Energy Receipts Tax		-	442,027.00	442,027.00	-
Uniform Fire Safety		-	17,911.72	17,911.72	-
1.85% Beach Maintenance		-	255,317.70	255,317.70	-
<u>Miscellaneous Revenue Not Anticipated:</u>					
Miscellaneous Non-Budgeted Revenue		-	303,499.46	303,499.46	-
TOTALS	\$	<u>289,966.56</u>	<u>\$ 7,308,916.48</u>	<u>\$ 7,295,905.53</u>	<u>\$ 302,977.51</u>
	Ref.	A		A-4	A
			Cash Receipts	\$ 7,037,293.60	A-4
			Due from Trust Funds	3,294.23	
			Reserve for 1.85% Beach Maintenance	<u>255,317.70</u>	
				<u>\$ 7,295,905.53</u>	

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS - Within "CAPS"				
SALARIES AND WAGES				
Police Department	\$ 22,015.30	\$ 22,015.30	-	22,015.30
General Administration	606.31	606.31	-	606.31
Mayor and Council	0.05	0.05	-	0.05
Municipal Clerk	146.48	146.48	-	146.48
Financial Administration	6,115.48	6,115.48	-	6,115.48
Revenue Administration (Tax Collection)	1,704.57	1,704.57	-	1,704.57
Tax Assessment Administration	20,372.60	20,372.60	-	20,372.60
Planning Board	5,312.69	5,312.69	-	5,312.69
Zoning Board of Adjustment	418.68	418.68	-	418.68
Fire Department	10,857.12	10,857.12	-	10,857.12
Fire Safety Act	2,757.03	2,757.03	-	2,757.03
Office of Emergency Management	0.16	0.16	-	0.16
Municipal Court	2,374.85	2,374.85	-	2,374.85
Public Defender	384.50	384.50	-	384.50
Public Works Department	125,332.41	125,332.41	-	125,332.41
Fleet Maintenance	5,305.96	5,305.96	-	5,305.96
Public Buildings and Grounds	4,356.26	4,356.26	-	4,356.26
Administration to Public Assistance	23.00	23.00	-	23.00
Lifeguards	4,703.02	4,703.02	-	4,703.02
Recreation Center	62,320.67	62,320.67	-	62,320.67
Parks and Playgrounds	14,016.85	14,016.85	-	14,016.85
Construction Official	1,252.54	1,252.54	-	1,252.54
OTHER EXPENSES:				
General Administration	3,281.42	3,281.42	2,234.91	1,046.51
Mayor and Council	4,961.15	4,961.15	-	4,961.15
Municipal Clerk	13,160.10	13,160.10	6,121.43	7,038.67
Financial Administration	28,153.73	28,153.73	299.73	27,854.00
Revenue Administration (Tax Collection)	2,766.50	2,766.50	1,415.85	1,350.65
Tax Assessment Administration	45,206.12	45,206.12	267.16	44,938.96

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Legal Services and Costs	\$ 53,024.72	\$ 53,024.72	\$ 5,518.95	\$ 47,505.77
Engineering Services and Costs	64,046.99	64,046.99	50,232.96	13,814.03
Ambulance Billing Administration Fee	6,222.42	6,222.42	1,832.77	4,389.65
Planning Board	6,229.01	6,229.01	1,540.10	4,688.91
Board of Adjustment	4,835.78	4,835.78	989.03	3,846.75
Construction Official	12,832.65	12,832.65	320.00	12,512.65
General Liability Insurance	23,322.00	23,322.00	-	23,322.00
Employee Group Health Insurance	31,434.58	31,434.58	1,614.64	29,819.94
Municipal Court	7,864.92	7,864.92	6.84	7,858.08
Fire Department	32,363.30	32,363.30	2,476.58	29,886.72
Fire Safety Act	10,970.45	10,970.45	512.03	10,458.42
Aid to Volunteer Fire Company	3,050.00	3,050.00	-	3,050.00
Municipal Prosecutor	100.00	100.00	-	100.00
Public Defender	100.00	100.00	-	100.00
Police Department	44,412.85	44,412.85	38,750.61	5,662.24
Office of Emergency Management	320.31	320.31	60.03	260.28
Public Works Department	72,686.03	72,686.03	38,719.90	33,966.13
Garbage and Trash	52,247.26	52,247.26	12,009.40	40,237.86
Fleet Maintenance	13,479.53	13,479.53	8,589.54	4,889.99
Public Buildings and Grounds	15,265.46	15,265.46	14,804.96	460.50
Lifeguards	2,117.82	2,117.82	889.98	1,227.84
Recreation Center	18,426.96	18,426.96	1,370.65	17,056.31
Parks and Playgrounds	15,951.51	15,951.51	3,125.89	12,825.62
<u>UNCLASSIFIED</u>				
Celebration of Public Events-Salaries and Wages	4,800.00	4,800.00	-	4,800.00
Celebration of Public Events-Other Expenses	77,161.95	77,161.95	68.00	77,093.95
<u>UTILITY EXPENSES AND BULK PURCHASES</u>				
Electric	28,927.68	28,927.68	-	28,927.68
Street Lighting	4,899.83	4,899.83	-	4,899.83
Telephone	35,097.46	35,097.46	7,878.81	27,218.65
Natural Gas	9,720.41	9,720.41	9,694.58	25.83
Water	34.58	34.58	-	34.58
Gasoline	7,027.45	7,027.45	7,027.45	-
Traffic Lights	5,981.49	5,981.49	-	5,981.49

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>CONTINGENT:</u>				
Contingent	\$ 500.00	\$ 500.00	-	\$ 500.00
<u>LANDFILL / SOLID WASTE DISPOSAL COSTS</u>				
Cape May County MUA Tipping Fee	33,152.24	33,152.24	9,121.89	24,030.35
<u>STATUTORY EXPENDITURES</u>				
Contributions to:				
Public Employees' Retirement System	3.20	3.20	-	3.20
Social Security System (O.A.S.I.)	10,707.48	10,707.48	-	10,707.48
Unemployment Compensation Insurance	334.48	334.48	-	334.48
Retirement Reserve	1,500.00	1,500.00	-	1,500.00
Defined Contribution Retirement Program	240.39	240.39	-	240.39
<u>OPERATIONS EXCLUDED from "CAPS":</u>				
LOSAP	0.90	0.90	-	0.90
TOTALS	<u>\$ 1,099,299.64</u>	<u>\$ 1,099,299.64</u>	<u>\$ 227,494.67</u>	<u>\$ 871,804.97</u>
Ref.	A			
Appropriation Reserves	\$ 909,600.39		\$ 37,795.42	
Encumbrances Payable	189,699.25		189,699.25	
	<u>\$ 1,099,299.64</u>		<u>\$ 227,494.67</u>	
Cash Disbursements		A-4	\$ 227,494.67	
Reimbursements			-	
Reserved for Revaluation			14,093.47	
Accounts Payable		A	-	
			<u>\$ 241,588.14</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, 2011</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2012</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	46,500.00			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	4,262.10			4,262.10
Purchase of Electric Van & Green Machine	2,344.00			2,344.00
Clean Communities	-	27,407.49	27,407.49	-
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, 2011</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Federal:				
Small Cities Block Grant				
CDBG 2011 - Community Center ADA Impr.	\$ 78,367.00	\$	10,522.00	\$ 67,845.00
CDBG 2012 - ADA	-	400,000.00		400,000.00
Edward Byrne Justice Assistance Grant	351.00			351.00
Hereford Lighthouse - Roof Reconstr.	20,653.75			20,653.75
FHA TEA - Hereford Lighthouse	65,028.13			65,028.13
FEMA - Assistance to Firefighters Grant	61,465.00		60,874.00	591.00
TOTALS	<u>\$ 536,022.43</u>	<u>\$ 427,407.49</u>	<u>\$ 168,803.49</u>	<u>\$ 794,626.43</u>
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> <u>Dec. 31, 2011</u>	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State:				
NJ Juvenile Justice Facility	\$ 30,164.56	\$	\$	30,164.56
Bikeway Along Surf Avenue	17,340.40			17,340.40
Drunk Driving Enforcement	-	36,209.32		36,209.32
COPS in Shops	3,245.01	1,200.00		4,445.01
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	\$ 68,052.72	\$ 37,409.32	\$ 2,885.81	\$ 102,576.23
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 Dec. 31, 2011</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012</u>
State:				
Drunk Driving Enforcement	\$ 32,109.79	\$	20,690.50	\$ 11,419.29
N.J. Transportation Trust Fund				
Surf Road	14,878.91			14,878.91
FY2006 Aid - Maryland Avenue	-		(111.91)	111.91
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	60,919.34	27,407.49		88,326.83
Body Armor Grant 2012	-	2,885.81	2,288.00	597.81
Alcohol Education & Rehabilitation	11,241.78			11,241.78
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>	Balance Dec. 31, 2011	Budget Appropriations	Expended	Balance Dec. 31, 2012
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.	107,734.25		(6,735.91)	114,470.16
CDBG - ADA - 2012	-	400,000.00		400,000.00
FEMA - Assistance to Firefighters Grant	61,465.00		61,465.00	-
Edward Byrne Memorial Justice Assistance Grant	25.03			25.03
Hereford Lighthouse - ISTE A 2006	-		(2,099.39)	2,099.39
COPS in Shops	6,411.98			6,411.98
COPS in Schools	41,634.73			41,634.73
TOTALS	\$ 586,624.05	\$ 430,293.30	\$ 145,496.29	\$ 871,421.06
Ref.	A			A
		Cash Disbursements	\$ 159,954.29	
		Encumbrances Payable	-	
		Prior Year Encumbrances Cancelled	(14,458.00)	
			<u>\$ 145,496.29</u>	

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

Balance December 31, 2011	<u>Ref.</u> B		\$	1,016.00
Increased By Receipts:				
Dog Licenses Fees - City Share		\$		184.00
				184.00
				1,200.00
Decreased By Disbursements:				
None				3.20
				3.20
Balance December 31, 2012	B		\$	1,196.80

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

	Ref.	B	Other	Assessment
Balance December 31, 2011			\$ 2,036,439.01	\$ 15,102.37
Increased By Receipts:				
Tourism Development		\$ 46,482.00		-
Recreation		133,827.15		-
Parking Offenses Adjudication Act		2,312.00		-
Public Defender		607.00		-
Municipal Alliance		23,647.31		-
Hereford Lighthouse		5,773.88		-
D.A.R.E. Program		1,000.00		-
Memorials/Beautification Enhancement		27,700.00		-
Off Duty Police		1,688.10		-
Recreation - Junior Lifeguards		4,463.50		-
Fire Prevention		1,651.62		-
Lifeguard Pension		18,852.72		-
Tax Title Liens and Premiums		1,127,003.71		-
Small Cities Escrow Deposits		37,628.88		-
Developers Escrow		53,788.10		-
Municipal Parking Capital Improvement Account		63.34		-
UCC Third Party		261,222.00		-
Interest Earned on Deposits		-		72.31
Interest Earned - Due to Current		3,029.23		265.00
		1,750,740.54		337.31
		3,787,179.55		15,439.68
Decreased By Disbursements:				
Tourism Development		32,941.50		-
Recreation		219,355.09		-
Recreation - Centennial Celebration		2,040.76		-
Municipal Alliance		26,600.62		-
Hereford Lighthouse		4,646.39		-
D.A.R.E. Program		1,270.91		-
Recreation - Junior Lifeguards		3,721.65		-
UEZ 2nd Generation Funds		86,040.00		-
UCC Third Party		186,456.20		-
Lifeguard Pension		40,395.78		-
Developers Escrow		33,939.66		-
Municipal Parking Capital Improvement Account		34,443.88		-
Tax Title Liens and Premiums		1,228,813.73		-
Small Cities		134,762.50		-
Interest Paid to Current Fund		-		-
		2,035,428.67		-
Balance December 31, 2012			\$ 1,751,750.88	\$ 15,439.68

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

Balance December 31, 2011	<u>Ref.</u> B		\$	548.00
Increased By:				
Dog Licenses Fees Collected - City Share		\$		184.00
				184.00
				732.00
Decreased By:				
Statutory Excess Due to Current Fund				242.00
				242.00
Balance December 31, 2012	B		\$	490.00

License Fees Collected

<u>Year</u>		
2010	\$	250.00
2011		240.00
	\$	490.00

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

Balance December 31, 2011	<u>Ref.</u> B		\$	468.00
Increased By:				
Statutory Excess		\$ 242.00		
				242.00
				710.00
Decreased By:				
Due to Current Fund		3.20		
				3.20
Balance December 31, 2012	B		\$	706.80

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

Balance December 31, 2011	<u>Ref.</u> C		\$ 7,175,729.39
Increased By Receipts:			
Proceeds from Bond Anticipation Notes		\$ -	
USDA Loan		-	
Budget Appropriation:			
Capital Improvement Fund		150,000.00	
USDA Grant		4,717.00	
County Open Space Grant		29,601.08	
Premium Received on Sale of Notes		-	
Improvement Authorization Reimbursements		237,704.40	
		<hr/>	422,022.48
			<hr/> 7,597,751.87
Decreased By Disbursements:			
Improvement Authorizations		3,923,047.67	
Bond Anticipation Note		4,500,000.00	
		<hr/>	8,423,047.67
Balance December 31, 2012	C		\$ <u><u>(825,295.80)</u></u>

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

	Receipts		Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Notes Issued	Misc.	Improvement Authorizations	Notes Paid	From	To	
Fund Balance	\$ 578,106.87	\$ -	\$ -	\$ -	\$ -	\$ 227,000.00	\$ 425.50	\$ 578,532.37
Capital Improvement Fund	437,130.00		150,000.00					360,130.00
Reserve for Debt Service	2,748,357.63		29,601.08		2,400,000.00			377,958.71
Due from Federal & State Grant Fund	(128,249.83)						132,885.86	4,636.03
Due to Current Fund	(37,280.00)							(37,280.00)
Encumbrances Payable	712,692.09					712,692.09	3,788,771.49	3,788,771.49
Improvement Authorizations								
Ord.								
Number								
GENERAL IMPROVEMENTS:								
1327	Various Improvements	333.30		333.30				-
1425	Sea Wall and Beach Fill Project	595.50		170.00		425.50		-
1434	Various Improvements	-		-		5,709.33	5,709.33	-
1456	Various Improvements	541.00		541.00				-
1473	Various Improvements	1,788.00		1,559.61		228.39		0.00
1497	Various Capital Improvements	108,603.27		108,603.27				-
1519	Various Capital Improvements	251,916.75		87,406.66		448,865.65	320,664.79	36,309.23
1522	Sanitary Sewer Improvements	(4,717.00)	4,717.00	-				-
1526	Demolition of Seaport Pier	5,447.10		-				5,447.10
1534	Various Capital Improvements	204,650.02		37,951.58		16,728.53	26,056.46	176,026.37
1540	Various Capital Improvements	(25,000.00)		-				(25,000.00)
1541	Acquisition of Property	17,850.00		-				17,850.00
1543	Reconstruction of Central Avenue	-		-				-
1546	Street and Utility Reconstruction of 12th Avenue	74,181.52		74,181.52		4,661.61	4,661.61	-
1553	Sanitary Sewer Improvements	(227,586.57)		292,587.27			225,754.20	(294,419.64)
1562	Various Capital Improvements	394,935.87		378,325.48		77,692.37	116,015.70	54,933.72
1571	Acquisition of Property	7,298.15		-				7,298.15
1576	Sanitary Sewer Improv. Phase III	(169,132.00)		719,027.17		2,470,869.24	2,668.00	(3,356,360.41)
1580	Storm Drainage Improvements and the Replenishment of the Beach	1,061,228.59		921,923.44		35,255.69		104,049.46
1600	Various Improvements	1,162,039.13		600,248.91		152,168.82	11,162.00	506,823.40
1611	Various Improvements	-	86,040.00	700,188.46		709,477.72	127,000.00	(1,131,001.78)
1617	Various Improvements	-	151,664.40	-		-	100,000.00	100,000.00
		\$ 7,175,729.39	\$ -	\$ 422,022.48	\$ 3,923,047.67	\$ 4,861,774.94	\$ 4,861,774.94	\$ 1,274,704.20
								C

Ref.

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

Balance December 31, 2011	<u>Ref.</u> C		\$	437,130.00
Increased By:				
Current Fund Budget Appropriation		\$ 150,000.00		
				150,000.00
				587,130.00
Decreased By:				
Improvement Authorizations Funded		227,000.00		
				227,000.00
Balance December 31, 2012	C		\$	360,130.00

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	<u>Ref.</u> C		\$	31,920,150.18
Increased By:				
		\$ -		
				-
				31,920,150.18
Decreased By:				
Serial Bonds Paid		2,160,000.00		
Wastewater Bonds Paid		150,000.00		
Wastewater Loan Payments		150,757.75		
Green Trust Loan Payments		5,732.48		
USDA Bonds Paid		141,814.37		
				2,608,304.60
Balance December 31, 2012	C		\$	29,311,845.58

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012 Amount					
General Obligation Bonds of 2002	10/01/02	\$ 6,240,000	10/1/2013	\$ 630,000.00		3.875%	\$ 1,240,000.00	\$ 610,000.00	\$ 630,000.00
General Obligation Bonds of 2004	12/01/04	8,000,000	12/1/2013	740,000.00	3.550%	5,250,000.00	650,000.00	4,600,000.00	
			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	12/1/2013	900,000.00	2.000%	12,080,000.00	900,000.00	11,180,000.00	
			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.				\$ 18,570,000.00	\$ 2,160,000.00	\$ 16,410,000.00
							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		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
Wastewater Treatment Fund Bonds of 1998	10/15/97	\$ 1,075,000	10/15/13	\$ 70,000.00	5.000%	\$ 450,000.00	\$ 65,000.00	\$ 385,000.00
			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	08/01/13	90,000.00	5.000%	1,200,000.00	85,000.00	1,115,000.00
			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.	\$ 1,650,000.00	\$ 150,000.00	\$ 1,500,000.00
						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		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012 Amount				
Wastewater Treatment Fund Loan of 1998	10/15/97	\$ 1,092,217	2/1/2013	\$ 6,090.33	n/a	\$ 218,484.17	\$ 55,366.59	\$ 163,117.58
			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				
Wastewater Treatment Fund Loan of 2003A	10/15/02	\$ 1,843,735	2/1/2013	18,363.41	n/a	\$ 1,041,957.56	\$ 95,391.16	\$ 946,566.40
			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				

\$	<u>1,260,441.73</u>	\$	<u>150,757.75</u>	\$	<u>1,109,683.98</u>
	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, 2011	Change		Balance Dec. 31, 2012
							Increased	Decreased	
1519 / 1600	Various Capital Improvements	12/14/07	12/09/11 12/07/12	12/07/12 08/15/13	1.250% 1.250%	\$ 1,400,000.00	\$ 1,400,000.00	\$ 1,400,000.00	\$ 1,329,577.00
1526	Demolition of Seaport Pier	05/19/11	05/19/11 05/18/12	05/18/12 05/17/13	1.500% 1.500%	100,000.00	100,000.00	-	100,000.00
1534 / 1600	Various Capital Improvements	12/11/09	12/09/11 12/07/12	12/07/12 08/15/13	1.250% 1.250%	4,750,000.00	4,750,000.00	4,750,000.00	4,471,638.00
1540	Seawall and Beach Fill Project	05/19/11	05/19/11 05/18/12	05/18/12 05/17/13	1.500% 1.500%	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
1546	Utility Reconstruction - 12th Avenue	12/11/09	12/09/11 12/07/12	12/07/12 08/15/13	1.250% 1.250%	290,000.00	290,000.00	290,000.00	273,785.00
1562	Various Capital Improvements	12/31/09 *	12/09/11 12/07/12	12/07/12 08/15/13	1.250% 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	05/18/12 05/17/13	1.500% 1.500%	4,500,000.00	4,500,000.00	4,500,000.00	2,100,000.00
						C	\$ 14,240,000.00	\$ 14,240,000.00	\$ 11,475,000.00
						C	\$ 17,005,000.00	\$ 17,005,000.00	\$ 11,475,000.00
						Ref.			

* 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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	New Authorizations	Debt Issued	Other	Balance Dec. 31, 2012
<u>GENERAL IMPROVEMENTS</u>						
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	50,000.00				50,000.00
1540	Sea Wall and Beachfill Project	25,000.00				25,000.00
1541	Acquisition of Property	332,000.00				332,000.00
1553	Sanitary Sewer Improvements Phase II	318,387.00				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
1600	Various Capital Improvements	-				-
1611	Various Capital Improvements	-	2,413,000.00			2,413,000.00
1617	Various Capital Improvements	-	1,900,000.00			1,900,000.00
		\$ 5,376,354.00	\$ 4,313,000.00	\$ 4,717.00	\$ -	\$ 9,684,637.00
		C				C
Ref.				\$ -		
				New Notes Issued		
				4,717.00		
				USDA Bonds Issued		
				-		
				Record Bond Sale (Excess over BANS)		
				4,717.00		

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

	Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2011	E	\$ 2,823.78	\$ 123,180.09
Increased By Receipts:			
State Aid for Public Assistance	\$		-
Supplemental Social Security Income			-
Refund of General Assistance			-
Checks voided not reissued		2,178.00	
Interest Earned on Deposits		89.07	
		12.31	2,267.07
		2,836.09	125,447.16
Decreased By Disbursements:			
Closed out account - State of NJ			125,447.16
Supplemental Security Income Refund			
Interest - Current Fund			
Balance December 31, 2012	E	\$ 2,836.09	\$ 125,447.16
			-

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, 2012	E-1	\$ 2,836.09	\$ -
Increased By Receipts:			
Interest		2.79	\$
		2.79	-
		2,838.88	-
Decreased By Disbursements:			
Cash Disbursement Record			
		-	-
Balance March 31, 2013	E-2	\$ 2,838.88	\$ -
Reconciliation March 31, 2013			
Balance on Deposit per Statement:			
Crest Savings		\$ 2,838.88	\$ -
Less: Outstanding Checks			
Plus: Deposits in Transit			
Book Balance		\$ 2,838.88	\$ -

CITY OF NORTH WILDWOOD
PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES

Ref.	Trust Fund I	Trust Fund II
State Aid Payments	\$ -	\$ -
Supplemental Security Income (SSI)	-	-
Refunds	-	-
Interest Earned	12.31	89.07
Refund of General Assistance	-	-
Checks voided not reissued	-	2,178.00
	<hr/>	<hr/>
Total Revenues (PATF)	12.31	2,267.07
	<hr/>	<hr/>
Total Receipts	\$ 12.31	\$ 2,267.07

SCHEDULE OF EXPENDITURES

Ref.	Trust Fund I	Trust Fund II
Current Year Assistance (State Matching):		
Maintenance Payments	\$ -	\$ -
Account closed - Payment to State of NJ	-	125,411.18
Interest - Current Fund	-	35.98
	<hr/>	<hr/>
Total Reported	-	125,447.16
SSI Payments:		
Reimbursement to Client		-
	<hr/>	<hr/>
Total SSI Payments	-	-
	<hr/>	<hr/>
Total Disbursements (PATF)	\$ -	\$ 125,447.16

CITY OF NORTH WILDWOOD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group, of the City of North Wildwood, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2013 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, which is described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency. This deficiency is identified as Finding #2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on

the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Leon P. Costello

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

May 17, 2013

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 Repairs
- Boardwalk Concrete Repair
- Emergency Beachfill
- 3rd party plan Review and Inspections Construction Office
- Beach Photography
- Purchase of Emergency Medical Vehicle
- Purchase of Vactor Truck
- Reconstruction of Walnut Avenue between Maryland & Delaware Avenues
- Custodial Services
- Purchase of JCB 406B Wheel Loader and JCB 2155 Fastrac
- Towing Services
- Emergency Bulkhead Replacement

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 2012.

This Resolution shall take effect January 1, 2012.

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 27, 2012 and was complete.

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

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

<u>Year</u>	<u>Number</u>
2012	3
2011	3
2010	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:

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2012 and 2013 Taxes	5
Current Sewer Utility Rents	5
Delinquent Sewer Rents	5
Total	<u>15</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 #2012-1:**

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

Criteria:

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. Also, several assets were not tagged during our review of fixed assets.

Cause:

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

Effect:

The City was not in compliance with the Division of Local Government Services requirement.

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.

* 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.
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CERTIFIED PUBLIC ACCOUNTANTS

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May 17, 2013