

**CITY OF NORTH WILDWOOD  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2013**



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

<b><u>Exhibit</u></b>		<b><u>Page No.</u></b>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1 - 3
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 11
A - 3	Statement of Expenditures - Regulatory Basis	12 - 17
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	18-19
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	20
C - 1	Statement of Fund Balance - Regulatory Basis	21
	<b><u>PUBLIC ASSISTANCE FUND</u></b>	
D	Comparative Balance Sheet - Regulatory Basis	22
	<b><u>GENERAL FIXED ASSETS ACCOUNT GROUP</u></b>	
E	Comparative Balance Sheet - Regulatory Basis	23
	<b>NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS</b>	24-44
	<b>SUPPLEMENTARY INFORMATION</b>	
	Independent Auditors Report - Governmental Auditing Standards	45-46
	Independent Auditors Report - Single Audit in Accordance with A-133 and OMB 04-04	47-49
	Schedule of State and Federal Assistance	50-51
	Notes to Schedule of State and Federal Assistance	52
	Schedule of Findings and Questioned Costs	
	Part I - Summary of Auditor's Results	53-54
	Part II - Schedule of Financial Statement Findings	55
	Part III - Schedule of Federal Award Findings and Questioned Costs	55
	Summary Schedule of Prior Audit Findings	55

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

**Exhibit**

**Page No.**

**CURRENT FUND**

A - 4	Schedule of Cash - Treasurer	56
A - 5	Schedule of Cash - Collector	57
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	58
A - 7	Schedule of Tax Title Liens	59
A - 8	Schedule of Revenue Accounts Receivable	60
A - 9	Schedule of Appropriation Reserves - Prior Year	61-64
A - 10	Schedule of Local District School Tax	65
A - 11	Schedule of Federal and State Grants Receivable	66
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	67
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	68

**TRUST FUND**

B - 1	Schedule of Animal Control Cash - Treasurer	69
B - 2	Schedule of Other Trust Cash - Treasurer	70
B - 3	Schedule of Reserve for Animal Control Expenditures	71
B - 4	Schedule of Due To Current Fund - Animal Control	72

**GENERAL CAPITAL FUND**

C - 2	Schedule of Cash - Treasurer	73
C - 3	Analysis of Cash	74
C - 4	Schedule of Capital Improvement Fund	75
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	76
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	77
C - 7	Schedule of Improvement Authorizations	78
C - 8A	Schedule of General Serial Bonds	79
C - 8B	Schedule of Wastewater Treatment Trust Bonds	80
C - 8C	Schedule of Wastewater Treatment Trust Loans	81
C - 8D	Schedule of Green Trust Loan Payable	82
C - 9	Schedule of Bond Anticipation Notes	83
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	84

**PUBLIC ASSISTANCE FUND**

D - 1	Schedule of Cash - Treasurer	85
D - 2	Statement of Public Assistance Cash and Reconciliation	86
D - 3	Schedule of Revenues	87

**PART II**

General Comments	88-90
Audit Findings and Recommendations	91-94

**CITY OF NORTH WILDWOOD**

**PART I**

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

**FOR THE YEAR ENDED**

**DECEMBER 31, 2013**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

The Honorable Mayor and  
Members of 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, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of 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, 2013 and 2012, or changes in financial position for the years then ended.

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

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

***Other Matters***

***Other Information***

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

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



of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014 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.

Very truly yours,

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

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

June 20, 2014

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 7,553,819.71	6,998,996.25
Cash - Change	1,350.00	1,000.00
Total Cash	<u>7,555,169.71</u>	<u>6,999,996.25</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	383.95	-
Total Other Receivables	<u>383.95</u>	<u>-</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	415,281.22	360,429.61
Tax Title and Other Liens	776.61	671.56
Revenue Accounts Receivable	356,838.61	302,977.51
Interfund Receivable:		
Trust - Assessment	241.18	265.00
Trust - Other	14,057.73	11,627.86
Animal Control	1,012.80	706.80
Grant Fund	121,374.36	-
Total Receivables and Other Assets	<u>909,582.51</u>	<u>676,678.34</u>
Deferred Charges:		
Emergency Appropriation	-	365,000.00
Special Emergency Appropriation	40,000.00	60,000.00
Total Deferred Charges	<u>40,000.00</u>	<u>425,000.00</u>
Total Regular Fund	<u>8,505,136.17</u>	<u>8,101,674.59</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	1,808,883.43	794,626.43
Due from Current Fund	-	88,899.48
Due from Trust Funds	78,893.35	78,893.35
Due from General Capital	4,636.03	4,636.03
Deferred Charges: Overexpenditure of Grant Reserve	10,712.00	6,942.00
Total Federal and State Grant Fund	<u>1,903,124.81</u>	<u>973,997.29</u>
Total Current Fund	<u>\$ 10,408,260.98</u>	<u>9,075,671.88</u>

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

	<u>2013</u>	<u>2012</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,154,937.37	1,408,954.36
Reserve for Encumbrances	126,563.42	-
Prepaid Taxes	817,600.90	754,298.98
Overpaid Taxes	22,611.91	23,790.07
Sewer Rent Overpayments	47,555.06	17,892.90
Local School Tax Payable	511,083.00	579,327.50
County Added Tax Payable	24,210.30	12,544.33
Special District Tax Payable	257.83	257.83
Due to State:		
Marriage Licenses	125.00	500.00
Seniors & Veterans	-	2,348.36
Interfund Payable:		
Federal and State Grant Fund	-	88,899.48
Trust - Other	424.00	424.00
Tourism	162.00	162.00
GWTIDA	14,892.00	5,498.00
General Capital Fund	37,280.00	37,280.00
Other		
Payroll Taxes Payable	63,664.51	7,504.04
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	40,518.50
Reserve for 1.85% Room Tax	217,620.21	262,416.32
Emergency Note Payable	-	365,000.00
	<u>3,168,507.01</u>	<u>3,696,617.67</u>
Reserve for Receivables and Other Assets	909,582.51	676,678.34
Fund Balance	<u>4,427,046.65</u>	<u>3,728,378.58</u>
Total Regular Fund	<u>8,505,136.17</u>	<u>8,101,674.59</u>
Federal and State Grant Fund:		
Unappropriated Reserves	64,657.87	102,576.23
Appropriated Reserves	1,448,067.35	871,421.06
Encumbrances Payable	269,025.23	-
Due to Current Fund	<u>121,374.36</u>	<u>-</u>
Total Federal and State Grant Fund	<u>1,903,124.81</u>	<u>973,997.29</u>
Total Current Fund	<u>\$ 10,408,260.98</u>	<u>9,075,671.88</u>

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

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,900,000.00	1,900,000.00
Miscellaneous Revenue Anticipated	9,091,626.85	7,422,699.37
Receipts from Delinquent Taxes	8,499.45	6,033.91
Receipts from Current Taxes	29,363,394.62	29,272,832.86
Non Budget Revenue	537,447.05	303,499.46
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,063,164.40	871,804.97
Interfund Returned	23.82	-
Total Income	<u>41,964,156.19</u>	<u>39,776,870.57</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	7,846,614.65	8,084,394.25
Other Expenses	7,464,563.32	7,156,574.55
Deferred Charges & Statutory Expenditures	1,631,905.00	1,746,843.99
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	5,137,749.35	4,005,636.30
Capital Improvements	150,000.00	150,000.00
Debt Service	3,879,626.34	4,264,764.96
Deferred Charges	385,000.00	42,000.00
Local District School Tax	5,981,751.00	6,118,240.00
County Tax	6,644,325.40	6,480,796.18
County Share of Added Tax	24,210.30	12,544.33
Interfund Created	123,804.23	3,291.03
Refund of Prior Year's Revenue	5,938.53	5,617.29
Refund of Prior Year's Revenue - Taxes	35,000.00	-
Other:		
Special District Taxes	55,000.00	50,000.00
Total Expenditures	<u>39,365,488.12</u>	<u>38,120,702.88</u>
Excess/(Deficit) in Revenue	<u>2,598,668.07</u>	<u>1,656,167.69</u>

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

	<u>2013</u>	<u>2012</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	365,000.00
Emergency Appropriation		
Total Adjustments	<u>-</u>	<u>365,000.00</u>
Statutory Excess to Fund Balance	<u>2,598,668.07</u>	<u>2,021,167.69</u>
Fund Balance January 1	<u>3,728,378.58</u>	<u>3,607,210.89</u>
	6,327,046.65	5,628,378.58
Decreased by:		
Utilization as Anticipated Revenue	<u>1,900,000.00</u>	<u>1,900,000.00</u>
Fund Balance December 31	<u>\$ 4,427,046.65</u>	<u>3,728,378.58</u>



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

	Anticipated		
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 1,900,000.00	-	Excess or (Deficit)
Total Fund Balance Anticipated	1,900,000.00	-	Realized
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	50,000.00	-	8,940.00
Other	170,000.00	-	6,400.00
Fees and Permits	240,000.00	-	63,505.30
Fines and Costs:			
Municipal Court	450,000.00	-	129,725.50
Interest and Costs on Taxes	77,000.00	-	26,918.04
Interest Earned on Investments	40,000.00	-	16,273.87
Parking Meters	700,000.00	-	174,671.48
Emergency Rescue Services	240,000.00	-	32,030.89
Fire Inspector Fees	140,000.00	-	22,737.70
Sewer Rents	3,670,000.00	-	113,746.64
Tram Car Lease	30,000.00	-	900.00
Rental of City Property	90,000.00	-	30,658.50
Total Section A: Local Revenues	5,897,000.00	-	6,523,507.92
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	442,027.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	442,027.00	-	-

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

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	12,562.02	-	12,562.02	-
Drunk Driving Enforcement Fund	36,209.32	-	36,209.32	-
COPS in Shops	4,445.01	-	4,445.01	-
Total Section F: Special Items - Public and Private Programs	53,216.35	-	53,216.35	-
Section G: Other Special Items				
Uniform Fire Safety Act	10,000.00	-	18,243.55	8,243.55
1.85% Beach Maintenance	262,416.32	-	262,416.32	-
Reserve to Pay Debt Service	377,958.71	-	377,958.71	-
State and Federal Programs Off-set by Revenues				
Assistance to Firefighters Grant from FEMA 2013	-	110,480.00	110,480.00	-
NJDOT Municipal Aid Program	-	154,277.00	154,277.00	-
NJDEP Clean Communities	-	300,000.00	300,000.00	-
Small Cities CDBG - 2013 ADA	-	399,500.00	399,500.00	-
Transportation Enhancement Program	-	450,000.00	450,000.00	-
Total Section G: Other Special Items	650,375.03	1,414,257.00	2,072,875.58	8,243.55
Total Miscellaneous Revenues:	7,042,618.38	1,414,257.00	9,091,626.85	634,751.47
Receipts from Delinquent Taxes	-	-	8,499.45	8,499.45

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

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	16,685,462.34	-	17,163,185.78	477,723.44
Total Amount to be Raised by Taxes for Support of Municipal Budget	16,685,462.34	-	17,163,185.78	477,723.44
Budget Totals	25,628,080.72	1,414,257.00	28,163,312.08	1,120,974.36
Non- Budget Revenues:				
Other Non- Budget Revenues:	-	-	537,447.05	537,447.05
	25,628,080.72	1,414,257.00	28,700,759.13	1,658,421.41

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

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	29,363,394.62
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	29,363,394.62
Allocated to:	
School, County and Other Taxes	<u>12,705,286.70</u>
Balance for Support of Municipal Budget Appropriations	16,658,107.92
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>505,077.86</u>
Amount for Support of Municipal Budget Appropriations	<u><u>17,163,185.78</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	8,499.45
Tax Title Lien Collections	<u>-</u>
Total Receipts from Delinquent Taxes	<u><u>8,499.45</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Interest on Investments	797.98
Reimbursements	44,844.37
Bureau of Housing Inspection	16,898.00
GWTIDA Event Support	163,576.40
Sale of Assets (Net of Fees)	7,375.87
Shared Services	11,555.66
City Clerk Revenue	2,608.07
Photocopies	2,109.53
Fire Reports	16.79
Garden State Historical Preservation Fund	18,293.63
Hereford Inlet	32,000.00
Beach Replenishment	14,156.46
Sale of Scrap Metal	10,029.05
FEMA - Hurricane Sandy	180,938.02
Assessment Searches	10.00
Payment in Lieu - Marina Bay	1,107.72
Interest on Delinquent Sewer	30,669.99
Miscellaneous	<u>459.51</u>
Total Miscellaneous Revenue Not Anticipated:	<u><u>537,447.05</u></u>

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 79,529.12	79,529.12	68,016.27	-	11,512.85	-
Other Expenses	118,000.00	143,000.00	132,878.74	3,056.24	7,065.02	-
Mayor and Council						
Salaries and Wages	104,787.58	104,787.58	104,787.54	-	0.04	-
Other Expenses	8,000.00	8,000.00	2,281.66	195.00	5,523.34	-
City Clerk						
Salaries and Wages	144,314.22	144,314.22	143,125.41	-	1,188.81	-
Other Expenses	66,000.00	70,000.00	66,060.84	2,072.23	1,866.93	-
Financial Administration						
Salaries and Wages	110,337.00	100,337.00	98,840.60	-	1,496.40	-
Other Expenses	63,601.70	63,601.70	52,649.12	5,871.83	5,080.75	-
Ambulance Billing Administration Fee						
Other Expenses	24,000.00	24,000.00	21,762.33	-	2,237.67	-
Audit Services						
Other Expenses	45,200.00	45,200.00	45,200.00	-	-	-
Assessment of Taxes						
Salaries and Wages	148,500.00	148,500.00	136,963.62	-	11,536.38	-
Other Expenses	43,350.00	43,350.00	29,172.64	10,000.00	4,177.36	-
Collection of Taxes						
Salaries and Wages	217,625.07	212,625.07	209,878.48	-	2,746.59	-
Other Expenses	27,500.00	27,500.00	23,265.70	1,228.64	3,005.66	-
Legal Services						
Other Expenses	200,000.00	200,000.00	153,757.05	243.00	45,999.95	-
Engineering Services						
Other Expenses	230,000.00	230,000.00	158,686.52	-	71,313.48	-
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	19,133.99	19,133.99	18,653.52	-	480.47	-
Other Expenses	22,000.00	22,000.00	10,688.39	1,070.00	10,241.61	-
Zoning Board of Adjustment						
Salaries and Wages	31,603.97	31,603.97	31,603.97	-	-	-
Other Expenses	20,250.00	20,250.00	14,931.51	5,195.00	123.49	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>INSURANCE</b>						
General Liability p 13	478,808.00	478,808.00	438,648.08	-	40,159.92	-
Workers Compensation Insurance	288,394.00	288,394.00	288,394.00	-	-	-
Employee Group Health p 14	2,419,857.72	2,419,857.72	2,238,883.68	-	180,974.04	-
Health Benefits Waiver					-	-
Salaries and Wages	6,000.00	6,000.00	6,000.00	-	-	-
<b>PUBLIC SAFETY</b>						
Fire						
Salaries and Wages	1,222,911.91	1,212,911.91	1,199,230.22	-	13,681.69	-
Other Expenses	71,600.00	71,600.00	62,177.76	1,500.89	7,921.35	-
Fire Safety Act						
Salaries and Wages	114,727.87	114,727.87	110,221.23	-	4,506.64	-
Other Expenses	23,000.00	23,000.00	15,256.12	1,344.57	6,399.31	-
Aid to Volunteer Fire Company						
Other Expenses	80,000.00	80,000.00	76,650.00	-	3,350.00	-
Police						
Salaries and Wages	3,098,611.95	3,072,292.95	3,014,922.28	-	57,370.67	-
Other Expenses	237,735.90	237,735.90	212,258.73	19,374.03	6,103.14	-
Emergency Management Services						
Salaries and Wages	4,117.23	4,117.23	4,092.06	-	25.17	-
Other Expenses	18,400.00	18,400.00	13,118.46	5,060.60	220.94	-
Municipal Court						
Salaries and Wages	198,777.32	198,777.32	196,513.90	-	2,263.42	-
Other Expenses	18,982.00	18,982.00	14,730.76	217.36	4,033.88	-
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	9,384.62	-	615.38	-
<b>PUBLIC WORKS</b>						
Public Works Department						
Salaries and Wages	1,085,277.58	1,085,277.58	994,564.36	-	90,713.22	-
Other Expenses	322,000.00	342,000.00	292,132.91	30,419.69	19,447.40	-
Garbage and Trash						
Other Expenses	555,000.00	555,000.00	547,541.74	-	7,458.26	-
Fleet Maintenance						
Salaries and Wages	136,650.40	136,650.40	103,662.91	-	32,987.49	-
Other Expenses	130,100.00	130,100.00	128,285.44	1,482.48	332.08	-
Public Buildings and Grounds						
Salaries and Wages	146,346.80	146,346.80	130,726.82	-	15,619.98	-
Other Expenses	171,709.00	171,709.00	113,633.01	16,625.12	41,450.87	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>HEALTH AND HUMAN SERVICES</b>						
Dog Regulation						
Other Expenses	31,616.00	32,335.00	32,335.00	-	-	-
<b>PARKS AND RECREATION</b>						
Lifeguards						
Salaries and Wages	526,737.14	526,737.14	519,471.96	-	7,265.18	-
Other Expenses	54,000.00	55,600.00	55,148.21	223.47	228.32	-
Recreation Center						
Salaries and Wages	255,135.10	255,135.10	230,201.46	-	24,933.64	-
Other Expenses	45,900.00	45,900.00	34,886.72	1,306.10	9,707.18	-
Parks						
Salaries and Wages	133,675.12	133,675.12	124,450.23	-	9,224.89	-
Other Expenses	57,090.00	57,090.00	33,976.37	6,050.57	17,063.06	-
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	72,354.28	72,354.28	70,403.07	-	1,951.21	-
Other Expenses	12,700.00	12,700.00	3,598.44	1,745.00	7,356.56	-
<b>UNCLASSIFIED</b>						
Celebration of Public Events, Anniversary etc.						
Salaries and Wages	10,000.00	10,000.00	6,034.76	-	3,965.24	-
Other Expenses	89,950.00	89,950.00	81,516.31	833.00	7,600.69	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	185,000.00	185,000.00	170,907.39	-	14,092.61	-
Street Lighting	230,000.00	230,000.00	230,000.00	-	-	-
Telephone	180,000.00	180,000.00	117,216.96	106.25	62,676.79	-
Natural Gas	97,000.00	97,000.00	62,601.96	-	34,398.04	-
Water	115,000.00	115,000.00	109,146.95	-	5,853.05	-
Gasoline	290,000.00	290,000.00	227,971.59	-	62,028.41	-
Traffic Lights	25,000.00	25,000.00	19,138.45	-	5,861.55	-
Cape May County MUA - Tipping Fees	310,000.00	310,000.00	266,623.79	11,342.35	32,033.86	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<u>15,310,677.97</u>	<u>15,310,677.97</u>	<u>14,156,642.62</u>	<u>126,563.42</u>	<u>1,027,471.93</u>	<u>-</u>
Contingent	500.00	500.00	-	-	500.00	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>15,311,177.97</u>	<u>15,311,177.97</u>	<u>14,156,642.62</u>	<u>126,563.42</u>	<u>1,027,971.93</u>	<u>-</u>

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

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Detail:					
Salaries and Wages	7,897,933.65	7,846,614.65	7,552,529.29	-	-
Other Expenses	7,413,244.32	7,464,563.32	6,604,113.33	126,563.42	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	321,882.00	321,882.00	321,882.00	-	-
Social Security System (O.A.S.I.)	460,000.00	460,000.00	398,753.20	-	-
Police and Firemen's Retirement System	722,023.00	722,023.00	722,023.00	-	-
Unemployment Compensation Insurance	43,000.00	43,000.00	36,918.15	-	-
Lifeguard Pension	45,000.00	45,000.00	17,785.27	-	-
Retirement Reserve	39,000.00	39,000.00	25,795.74	-	-
Defined Contribution Retirement Program	1,000.00	1,000.00	812.40	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,631,905.00	1,631,905.00	1,523,969.76	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	16,943,082.97	16,943,082.97	15,680,612.38	126,563.42	-
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Insurance: NJSA 40A:4-45.3					
Employee Group Health	6,049.00	6,049.00	-	-	-
Utilities Authority - Sewer Charges	3,617,662.00	3,617,662.00	3,612,270.00	-	-
Length of Service Award Program (LOSAP)	45,000.00	45,000.00	37,410.80	-	-
	3,668,711.00	3,668,711.00	3,649,680.80	-	-
(A) Public and Private Programs Off-Set by Revenues					
Drunk Driving Enforcement Fund	36,209.32	36,209.32	36,209.32	-	-
Recycling Tonnage Grant	12,562.02	12,562.02	12,562.02	-	-
Municipal Alliance				-	-
Local Share	1,565.00	1,565.00	1,565.00	-	-
COPS in Shops	4,445.01	4,445.01	4,445.01	-	-
Small Cities Grant - CDBG	1,414,257.00	1,414,257.00	1,414,257.00	-	-

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



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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Total Public and Private Programs Off-Set by Revenues	1,469,038.35	1,469,038.35	1,469,038.35	-	-
Total Operations - Excluded from "CAPS"	5,137,749.35	5,137,749.35	5,118,719.15	19,030.20	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	5,137,749.35	5,137,749.35	5,118,719.15	19,030.20	-
(C) Capital Improvements					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00	-	-
Total Capital Improvements	150,000.00	150,000.00	150,000.00	-	-
(D) Debt Service					
Payment of Bond Principal	2,270,000.00	2,270,000.00	2,270,000.00	-	-
Payment of Bond Anticipation Notes	-	-	-	-	-
Interest on Bonds	546,752.50	546,752.50	546,752.50	-	-
Interest on Notes	157,000.00	157,000.00	128,068.04	-	28,931.96
Green Trust Loan Program:					
Loan Repayments for Principal and 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 Payments 1997 & 2002 Issues	387,483.06	387,483.06	374,613.82	-	12,869.24
Total Debt Service	3,921,427.54	3,921,427.54	3,879,626.34	-	41,801.20
(E) Deferred Charges					
Emergency Authorizations	365,000.00	365,000.00	365,000.00	-	-
Special Emergency Authorizations - 5 years	20,000.00	20,000.00	20,000.00	-	-
Total Deferred Charges	385,000.00	385,000.00	385,000.00	-	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	9,594,176.89	9,594,176.89	9,533,345.49	-	19,030.20	41,801.20
SUBTOTAL GENERAL APPROPRIATIONS	26,537,259.86	26,537,259.86	25,213,957.87	126,563.42	1,154,937.37	41,801.20
(M) Reserve for Uncollected Taxes	505,077.86	505,077.86	505,077.86			-
TOTAL GENERAL APPROPRIATIONS	\$ 27,042,337.72	27,042,337.72	25,719,035.73	126,563.42	1,154,937.37	41,801.20
Budget		27,042,337.72			Cancelled	41,801.20
Appropriations by 40A:4-87		1,414,257.00			Overexpended	-
Emergency Appropriations		365,000.00				
		28,821,594.72				41,801.20
Reserve for Uncollected Taxes		505,077.86				
Federal and State Grants		1,467,473.35				
Deferred Charges		385,000.00				
Capital Improvement Fund		-				
Disbursements		23,361,484.52				
		25,719,035.73				

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

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



**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	\$ 15,758.44	\$ 15,439.68
Assessments Receivable	<u>3,218.35</u>	<u>3,472.07</u>
	<u>18,976.79</u>	<u>18,911.75</u>
 <u>Animal Control Fund</u>		
Cash and Investments	<u>1,438.00</u>	<u>1,198.00</u>
	<u>1,438.00</u>	<u>1,198.00</u>
 <u>Length of Service Award Programs (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	347,144.78	263,567.24
Employer Contribution Receivable	<u>7,589.20</u>	<u>243.10</u>
	<u>354,733.98</u>	<u>263,810.34</u>
 <u>Other Funds</u>		
Cash and Investments	1,730,683.44	1,751,750.88
Due from Current Fund	424.00	424.00
Cash Deficit	<u>1,486.37</u>	<u>-</u>
	<u>1,732,593.81</u>	<u>1,752,174.88</u>
	<u>\$ 2,107,742.58</u>	<u>\$ 2,036,094.97</u>

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

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	\$ 3,218.35	\$ 5,500.00
Fund Balance	15,517.26	13,146.75
Due to Current Fund	241.18	265.00
	<u>18,976.79</u>	<u>18,911.75</u>
<u>Animal Control Fund</u>		
Reserve for Dog Expenditures	424.00	490.00
Due to Current Fund	1,012.80	706.80
Due to State	1.20	1.20
	<u>1,438.00</u>	<u>1,198.00</u>
<u>Length of Service Award Programs (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	<u>354,733.98</u>	<u>263,810.34</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Sale Certificates	42,791.23	112,554.10
Premiums Received at Tax Sale	533,483.26	287,101.26
Due to Current Fund	14,057.73	11,627.86
Due to Grant Fund	78,893.35	78,893.35
Reserve for Tourism Development	23,110.36	42,972.36
Reserve for Recreation	38,201.62	134,293.33
Reserve for Parking Offenses Adjudication Act	21,876.17	20,424.17
Reserve for Public Defender	9,559.52	8,386.52
Reserve for Municipal Alliance	-	6,954.15
Reserve for Lighthouse Trust	1,127.49	1,127.49
Reserve for D.A.R.E.	579.83	1,144.21
Reserve for Disposal of Forfeited Property	4,438.62	3,318.87
Reserve for Flex Savings	375.40	-
Reserve for Off Duty Police	2,618.34	1,688.10
Reserve for Recreation - Junior Lifeguards	-	741.85
Reserve for Lifeguard Pension	299,265.94	276,517.32
Reserve for Fire Prevention	9,022.80	7,216.04
Reserve for Small Cities Escrow	6,182.09	114,065.91
Reserve for Municipal Parking Improvements	63.58	63.34
Reserve for Developers' Escrow	303,342.28	275,749.52
Reserve for UEZ 2nd Generation Funds	15,000.00	67,679.53
Reserve for Memorials/Beautification Enhancement	93,740.40	81,658.00
Reserve for UCC Third Party	234,863.80	217,997.60
	<u>1,732,593.81</u>	<u>1,752,174.88</u>
	<u>\$ 2,107,742.58</u>	<u>\$ 2,036,094.97</u>

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

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





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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 4,024,558.44	1,274,704.20
Deferred Charges to Future Taxation -		
Funded	37,975,980.33	29,311,845.58
Unfunded	14,916,250.00	21,159,637.00
Interfunds and Receivables		
Due from Current Fund	37,280.00	37,280.00
	<u>56,954,068.77</u>	<u>51,783,466.78</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	978,861.68	3,788,771.49
Interfunds:		
Due to Federal & State Grant Fund	4,636.03	4,636.03
Bond Anticipation Notes Payable	12,850,000.00	11,475,000.00
Serial Bonds Payable	25,540,000.00	16,410,000.00
Wastewater Treatment Trust Bonds	1,340,000.00	1,500,000.00
Wastewater Treatment Trust Loan	957,325.92	1,109,683.98
Green Trust Loan Payable	76,320.50	82,168.21
U.S.D.A. Bonds Payable	10,062,333.91	10,209,993.39
Improvement Authorizations:		
Funded	732,754.29	1,008,737.43
Unfunded	3,703,494.75	4,877,855.17
Reserve for Debt Service	13,460.62	377,958.71
Capital Improvement Fund	185,130.00	360,130.00
Fund Balance	509,751.07	578,532.37
	<u>\$ 56,954,068.77</u>	<u>51,783,466.78</u>

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

2012	9,684,637.00
2013	2,066,250.00

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 578,532.37	578,106.87
Increased by:		
Premiums on sale of Bonds & Notes	156,218.70	-
Cancellation of Improvement Authorizations	-	425.50
Decreased by:		
Ordinance 1632	225,000.00	-
Ending Balance December 31	<u>\$ 509,751.07</u>	<u>578,532.37</u>

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



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

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash Trust I	\$ 2,847.45	\$ 2,836.09
	<u>\$ 2,847.45</u>	<u>\$ 2,836.09</u>
<u>Liabilities and Reserves</u>		
Reserve for Public Assistance	2,847.45	2,836.09
	<u>\$ 2,847.45</u>	<u>\$ 2,836.09</u>

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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





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

	<u>2013</u>	<u>2012</u>
<u>General Fixed Assets</u>		
Land and Land Improvements	\$ 5,406,100.00	\$ 2,506,100.00
Buildings	3,077,445.90	3,114,160.71
Machinery and Equipment	7,683,868.94	7,697,661.85
	<u>\$ 16,167,414.84</u>	<u>\$ 13,317,922.56</u>
 Investment in General Fixed Assets	 \$ 16,167,414.84	 \$ 13,317,922.56
	<u>\$ 16,167,414.84</u>	<u>\$ 13,317,922.56</u>

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **NOTES TO THE FINANCIAL STATEMENTS**



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

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

**A. Reporting Entity**

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

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

**B. Description of Funds**

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

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

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

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

**C. Basis of Accounting**

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

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

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

{This space intentionally left blank}

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

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$1,000.00 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

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

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

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

Levy of Utility Charges – The entity does not operate a separate sewer utility fund. However, rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on December 1, April 1, June 1 and September 1.

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

Capitalization of Interest -- It is the policy of the City of North Wildwood to treat interest on projects as a current expense and the interest is included in the current operating budgets.

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

**D. Required Financial Statements**

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

**E. Comparative Data**

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

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

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

{This space intentionally left blank}

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

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 entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

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

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

{This space intentionally left blank}



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

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$505,077.86 and \$449,303.74. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$1,900,000.00 and \$1,900,000.00.

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

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Administration		
Other Expenses	25,000	-
Municipal Clerk		
Salaries and Wages	-	500
Tax Collector		
Salaries and Wages	(5,000)	-
Financial Administration		
Salaries and Wages	(10,000)	(11,100)
Public Works		
Salaries and Wages	(43,600)	-
Other Expenses	20,000	-
Clerk		
Other Expenses	4,000	-
Fire		
Salaries and Wages	(10,000)	-
Animal Control		
Other Expenses	719	-
Police		
Salaries and Wages	(26,319)	-
Lifeguard		
Other Expenses	1,600	-
Planning Board		
Salaries and Wages	-	6,500
Emergency Management		
Salaries and Wages	-	100
Other Expenses	31,600	-
CCMUA Tipping & other	12,000	-
LOSAP		4,000

{This space intentionally left blank}

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

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

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Assistance to Firefighters Grant - FEMA	\$ 110,480.00	\$ -
NJDOT Municipal Aid Program	154,277.00	-
Transportation Enhancement Program	450,000.00	-
Clean Communities Program	300,000.00	27,407.49
FY2012 CDBG Beach Improvements	-	400,000.00
FY2013 CDBG Curb Improvements	399,500.00	-

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2010 for \$100,000.00. The emergency was for a revaluation in the entity. The unfunded balance as of December 31, 2013 was \$40,000.00.

**NOTE 3: INVESTMENTS**

As of December 31, 2013 and 2012, the municipality had no investments.

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

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

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

**Unaudited Investments**

As more fully described in Note 21, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Investments, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2013 and 2012 amounted to \$347,144.78 and \$263,567.24, respectively.

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

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$13,457,547.32 was exposed to custodial credit risk.

**NOTE 5: FIXED ASSETS**

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

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land	\$ 2,506,100.00	-	-	2,506,100.00
Building	3,114,160.71	-	-	3,114,160.71
Equipment and Machinery	8,033,204.24	59,823.37	(395,365.76)	7,697,661.85
	<u>\$ 13,653,464.95</u>	<u>59,823.37</u>	<u>(395,365.76)</u>	<u>13,317,922.56</u>

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Land	\$ 2,506,100.00	2,900,000.00	-	5,406,100.00
Building	3,114,160.71	-	(36,714.81)	3,077,445.90
Equipment and Machinery	7,697,661.85	694,933.40	(708,726.31)	7,683,868.94
	<u>\$ 13,317,922.56</u>	<u>3,594,933.40</u>	<u>(745,441.12)</u>	<u>16,167,414.84</u>

{This space intentionally left blank}

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

**NOTE 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/11	Issued	Retired	Balance 12/31/12
Bond Anticipation				
Notes payable:				
General	\$ 14,240,000.00	14,240,000.00	17,005,000.00	11,475,000.00
	<u>\$ 14,240,000.00</u>	<u>14,240,000.00</u>	<u>17,005,000.00</u>	<u>11,475,000.00</u>
	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation				
Notes payable:				
General	\$ 11,475,000.00	15,750,000.00	14,375,000.00	12,850,000.00
	<u>\$ 11,475,000.00</u>	<u>15,750,000.00</u>	<u>14,375,000.00</u>	<u>12,850,000.00</u>

There were two notes issued by the City of North Wildwood. One was issued on 03/12/13 and is due and payable on 03/12/14 with interest at 1.25%. The second note was issued on 08/27/13 and is due and payable 8/24/14 with interest at 1.00%. As of December 31, 2013 the entity has authorized but not issued bonds in the amount of \$2,066,250.00 in the General Capital Fund.

{This space intentionally left blank}

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

**NOTE 7: LONG TERM DEBT**

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

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 30,571,807.76	-	2,451,814.37	28,119,993.39	2,577,659.48
Total	<u>\$ 30,571,807.76</u>	<u>-</u>	<u>2,451,814.37</u>	<u>28,119,993.39</u>	<u>2,577,659.48</u>
Other liabilities:					
Loans Payable	\$ 1,348,342.42	-	156,490.23	1,191,852.19	158,205.77
Compensated					
Absences Payable	<u>816,345.11</u>	<u>75,392.54</u>	<u>24,201.23</u>	<u>867,536.42</u>	<u>-</u>
Total long-term liabilities	<u>\$ 32,736,495.29</u>	<u>75,392.54</u>	<u>2,632,505.83</u>	<u>30,179,382.00</u>	<u>2,735,865.25</u>
	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 28,119,993.39	11,400,000.00	2,577,659.48	36,942,333.91	2,570,000.00
Total	<u>\$ 28,119,993.39</u>	<u>11,400,000.00</u>	<u>2,577,659.48</u>	<u>36,942,333.91</u>	<u>2,570,000.00</u>
Other liabilities:					
Loans Payable	\$ 1,191,852.19	-	158,205.77	1,033,646.42	159,453.20
Compensated					
Absences Payable	<u>867,536.42</u>	<u>-</u>	<u>270,679.59</u>	<u>596,856.83</u>	<u>-</u>
Total long-term liabilities	<u>\$ 30,179,382.00</u>	<u>11,400,000.00</u>	<u>3,006,544.84</u>	<u>38,572,837.16</u>	<u>2,729,453.20</u>

{This space intentionally left blank}

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

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

At December 31, 2013, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$8,000,000.00 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, 2013 is \$3,860,000.00.

\$13,600,000.00 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, 2013 is \$10,280,000.00

\$11,400,000.00 General Improvement Bonds, dated August 1, 2013, due in annual installments through August 1, 2025, bearing interest at various rates. The balance remaining as of December 31, 2013 is \$11,400,000.00

\$1,075,000.00 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, 2013 is \$315,000.00.

\$1,745,000.00 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, 2013 is \$1,025,000.00

\$1,092,217.00 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, 2013 is \$106,643.65.

\$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, 2013 is \$850,682.27.

\$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, 2013 is \$76,320.50.

**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 \$21,317.00 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 balance remaining at December 31, 2013, is \$502,490.11.

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 \$2,609.00 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 balance remaining at December 31, 2013, is \$61,448.99.

{This space intentionally left blank}

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

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 \$574,025.00 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 \$15,539.00 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. The balance remaining at December 31, 2013, is \$516,559.41.

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 \$918,000.00 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 \$28,036.00 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. The balance remaining at December 31, 2013, is \$767,151.52.

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 \$3,895,000.00 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 \$98,038.00 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. The balance remaining at December 31, 2013, is \$3,745,958.83.

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 \$4,572,000.00 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 \$110,826.00 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 at December 31, 2013, is \$4,468,725.05.

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

<u>Year</u>	<u>General Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2014	2,570,000.00	881,921.46
2015	2,795,000.00	825,407.50
2016	3,020,000.00	739,377.50
2017	3,090,000.00	643,277.50
2018	3,035,000.00	546,027.50
2019-2023	9,970,000.00	1,315,525.00
2024-2028	2,400,000.00	129,000.00
	<u>\$ 26,880,000.00</u>	<u>5,080,536.46</u>

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

{This space intentionally left blank}

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	159,453.20	1,496.73
2015	151,378.85	1,376.83
2016	98,994.05	1,254.52
2017	99,118.83	1,129.74
2018	102,368.29	1,002.47
2019-2023	411,360.40	3,011.81
2024-2028	10,972.80	220.19
	<u>1,033,646.42</u>	<u>9,492.29</u>

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$674,820.54.

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
Serial Bonds Payable	\$ 25,540,000.00	\$ 16,410,000.00	\$ 18,570,000.00
Notes Payable	12,850,000.00	11,475,000.00	14,240,000.00
NJEIT Bonds Payable	1,340,000.00	1,500,000.00	1,650,000.00
NJEIT Loans Payable	957,325.92	1,109,683.98	1,260,441.73
U.S.D.A. Loans Payable	10,062,333.91	10,209,993.39	10,351,807.76
Green Trust Loans Payable	76,320.50	82,168.21	87,900.69
Total Issued	<u>50,825,980.33</u>	<u>40,786,845.58</u>	<u>46,160,150.18</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	2,066,250.00	9,684,637.00	5,376,354.00
Total Authorized But Not Issued	<u>2,066,250.00</u>	<u>9,684,637.00</u>	<u>5,376,354.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 52,892,230.33</u>	<u>\$ 50,471,482.58</u>	<u>\$ 51,536,504.18</u>

{This space intentionally left blank}



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(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 1.935%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 1,095,000.00	1,095,000.00	-
General Debt	52,892,230.33	13,460.62	52,878,769.71
	<u>\$ 53,987,230.33</u>	<u>\$ 1,108,460.62</u>	<u>\$ 52,878,769.71</u>

Net Debt \$52,878,769.71 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,732,692,937.33 = 1.935%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 95,644,253.00
Net Debt	52,878,769.71
Remaining Borrowing Power	<u>\$ 42,765,483.29</u>

The City of North Wildwood School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balance at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in the current fund for the year ending December 31, 2014 and 2013 were as follows:

	2014	2013
Current Fund	\$ 2,500,000.00	1,900,000.00

{This space intentionally left blank}

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

**NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2013	2014 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	\$ 40,000.00	20,000.00	20,000.00
	<u>40,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>
Federal and State Grant fund:			
Overexpenditure of Appropriation Reserve	10,712.00	10,712.00	-
	<u>10,712.00</u>	<u>10,712.00</u>	<u>-</u>
Trust fund:			
Overexpenditure of Trust Reserve	1,486.37	1,486.37	-
	<u>1,486.37</u>	<u>1,486.37</u>	<u>-</u>

**NOTE 10: SCHOOL TAXES**

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

	12/31/2013	12/31/2012
Balance of Tax	\$ 511,083.00	579,327.50
Deferred	2,479,787.50	2,479,787.50
Tax Payable	<u>\$ 2,990,870.50</u>	<u>3,059,115.00</u>

**NOTE 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	\$ 817,600.90	754,298.98
Cash Liability for Taxes Collected in Advance	<u>\$ 817,600.90</u>	<u>754,298.98</u>

{This space intentionally left blank}

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

**NOTE 12: PENSION FUNDS**

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15c-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.75% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$321,882.00, \$363,107.00 and \$379,326.80.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 27.34% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$722,023.00, \$732,494.00, and \$856,361.00.

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

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$7,709,591.85, \$7,791,716.54 and \$8,162,584.18. Payroll covered by PFRS was \$2,641,249.00, \$2,653,404.00 and \$2,938,500.00. Payroll covered by PERS was \$2,739,539.00, \$2,762,601.00 and \$2,901,150.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the years ended December 31, 2013, 2012, and 2011 was \$45,000.00, \$22,000.00 and \$22,000.00. The City's trust for the Lifeguard Pension at December 31, 2013 was \$299,265.94. Currently there are currently eight individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2013, 2012 and 2011 were \$35,966.38, \$40,395.78 and \$33,097.27.

Significant Legislation

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

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to  $\frac{1}{60}$ th from  $\frac{1}{55}$ th, 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.

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

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 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

**NOTE 13: POST-RETIREMENT BENEFITS**

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

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

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

**Plan Coverage** The entity currently has 3 collective bargaining units as well as several non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

Firemen's Benevolent Association of New Jersey No. 56 – Individuals who retired with at least 25 years of service to the entity receive hospitalization, major medical coverage, prescription, and Delta Dental coverage for the employee, spouse, and dependents up to the age of 26 that were in effect at the time of retirement. Retirements benefits are only good for 3 years after they retire. Firefighters are entitled to receive benefits through the City until he/she obtains other employment with comparable coverage or until the employee becomes eligible for Medicare, whichever one comes first.

{This space intentionally left blank}

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

Policemen Benevolent Association Wildwood Local 59 – Effective 1/1/12, individuals with at least 25 years of service to the entity receive hospitalization, major medical coverage, prescription, and Delta Dental coverage for the employee, spouse, and dependents up to the age of 26 that were in effect at the time of retirement. Retirement benefits are only good for 2 years after they retire. Officers are entitled to receive benefits through the City until he/she obtains other employment with comparable coverage or until the employee becomes eligible for Medicare, whichever comes first.

United Public Service Employees Union – Individuals with at least 25 years of service to the entity receive hospitalization, major medical coverage, prescription, and Delta Dental coverage for the employee, spouse, and dependents up to the age of 26 that were in effect at the time of retirement. Retirement benefits are only good for 3 years after they retire. Employees are entitled to receive benefits through the City until he/she obtains other employment with comparable coverage or until the employee becomes eligible for Medicare, whichever comes first.

Non Affiliated Employees – These individuals receive no post-retirement benefits regardless of time of service.

**Funding Policy**

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

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

The City of North Wildwood contributions to SHBP for post-retirement benefits for the year ended December 31, 2013, 2012, and 2011 were \$582,994.67, \$471,476.18, and \$358,158.86 respectively, which equaled the required contribution for the year.

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

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$596,856.83 in 2013 and \$867,536.42 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the entity's policy to negotiate the final amount of each payment of accrued sick, comp time, and vacation pay on an individual basis. The final amount of the settlement for sick time cannot exceed the cap amount established by each Union contract even though more may be accrued. The amount shown above represents the total number of days of unpaid compensation taking the cap amount for sick time into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

**NOTE 15: ECONOMIC DEPENDENCY**

The City of North Wildwood is economically dependent on tourism as a major source of tax revenue for the entity.

{This space intentionally left blank}

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

**NOTE 16: RISK MANAGEMENT**

The entity 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 entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$300,000 under JIF, which increases to \$5,000,000 under MEL.

**NOTE 17: DEFERRED COMPENSATION**

Employees of the City of North Wildwood may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator. In the opinion of the entity's legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Plan is administered by the following service organizations:

Hartford  
Great-West Retirement Services  
Nationwide Retirement Solutions

**NOTE 18: CONTINGENT LIABILITIES**

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

{This space intentionally left blank}

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

**NOTE 19: INTERFUND BALANCES**

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

	Due From	Due To
Current Fund:		
General Capital Fund	\$ -	37,280.00
Animal Control Fund	1,012.80	-
Trust Operating - Other	14,057.73	-
Trust Operating -POAA	-	424.00
Trust Assessment	241.18	-
Grant Fund	121,374.36	-
Grant Fund:		
Current Fund	-	121,374.36
General Capital Fund	4,636.03	-
Trust Fund - Other	78,893.35	-
Assessment Trust Fund:		
Current Fund	-	241.18
Trust Fund:		
Current - Animal Control Fund	-	1,012.80
Current - Trust Other Fund	-	14,057.73
Current - POAA	424.00	-
Grant - Federal & State	-	78,893.35
General Capital Fund:		
Grant Fund	-	4,636.03
Current Fund	37,280.00	-
	\$ <u>257,919.45</u>	<u>257,919.45</u>

The amount due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The amount due to the Grant Fund from the Trust Fund is due to a Federal grant being partially funded by the Recreation Trust Fund. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

**NOTE 20: 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, 2013 is \$80,000.



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

**NOTE 21: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)**

During the 2005 calendar year, the voters of the City of North Wildwood approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City appropriated \$45,000.00 and \$46,000.00 in 2013 and 2012 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City subject only to the claims of the City's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**NOTE 22: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through June 20, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **SUPPLEMENTARY INFORMATION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710  
[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

The Honorable Mayor and  
Members of 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 as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 20, 2014, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division which are described in the accompanying schedule of findings and responses as items 2013-1 through 2013-5.

We noted certain matters that we reported to the City of North Wildwood's management in a separate letter dated June 20, 2014.

### **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.

Very truly yours,

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

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

June 20, 2014



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

The Honorable Mayor and  
Members of City Council  
City of North Wildwood, New Jersey

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

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

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

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

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

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

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

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

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

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

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

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

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



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

Respectfully submitted,

*Ford, Scott & Associates, L.L.C.*

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

*Leon P. Costello*

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

June 20, 2014

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 13**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance at 1/1/13	13 Activity		
		From	To			Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures	Balance at 12/31/13
FEDERAL:								
Department of Justice COPS In Shops	N/A	Prior	Years	Various \$	6,411.98	4,445.01	-	10,856.99
COPS In Schools	N/A	Prior	Years	65,000.00	41,634.73	-	-	41,634.73
Economic Impact Initiative	N/A	Prior	Years	Various	4,636.03	-	-	4,636.03
Edward Byrne Memorial Justice Assistance Grant	16.738	Prior	Years	181,351.00	(325.97)	-	-	(325.97)
U.S. Department of Housing and Urban Development Pass through the NJ Department of Community Affairs Small Cities - CDBG - ADA Compliant Improvements	14.228/22802010007811	01/01/11	12/31/11	290,400.00	46,625.16	-	10,415.00	36,210.16
Small Cities - CDBG ADA Compliant Improvements	14.218	Prior	Years	480,000.00	80,000.00	-	-	80,000.00
Small Cities - CDBG ADA Compliant Improvements	14.218	01/01/12	12/31/12	400,000.00	-	400,000.00	370,025.79	29,974.21
Small Cities - CDBG ADA Compliant Improvements	14.218	01/01/13	12/31/13	399,500.00	-	-	399,500.00	(399,500.00)
Housing Rehabilitation	N/A	01/01/04	12/31/04	200,000.00	3,122.00	-	-	3,122.00
FHA - TEA Hereford Lighthouse	N/A	01/01/06	12/31/06	330,000.00	(65,028.13)	-	-	(65,028.13)
U.S. Department of Transportation Hereford Lighthouse - ISTEA 2006	N/A	01/01/12	12/31/12	2,099.39	2,099.39	-	2,099.39	-
U.S. Department of Agriculture Rural Development - Rural Utilities Service Grant - Phase 2 Rural Development - Rural Utilities Service Loan - Phase 2	10.760 10.760	4/30/08 4/30/08	close close	1,528,000.00 4,572,000.00	(318,387.00) -	318,387.00 -	- -	- -
Rural Development - Rural Utilities Service Grant - Phase 3 Rural Development - Rural Utilities Service Loan - Phase 3	10.760 10.760	09/03/09 09/03/09	close close	1,412,000.00 2,238,000.00	1,412,000.00 2,238,000.00	- -	- 1,667,009.30	1,412,000.00 570,990.70
U.S. Department of Homeland Security Passed through Federal Emergency Management Assistance (FEMA) Disaster Grants - Public Assistance for Presidentially Declared Disaster - Reimbursement for Hurricane Sandy	97.036	01/01/13	12/31/13	4,838,934.96	-	233,356.77	4,838,934.96	(4,605,578.19)
FEMA - Assistance to Firefighters	97.044	01/01/13	12/31/13	110,480.00	(591.00)	-	98,397.00	(98,988.00)
Total Federal Assistance					3,450,197.19	956,188.78	7,386,381.44	(2,979,995.47)

The Accompanying Notes to Schedule of Expenditures of Federal Awards and  
State Financial Assistance are an Integral Part of this Statement

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 13**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To		Program or Award Amount	Balance at 1/1/13	13 Activity		MEMO ONLY Cumulative State Expenditures
						Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures	
STATE OF NEW JERSEY								
Department of Environmental Protection Clean Communities Recycling Tonnage Grant Municipal Stormwater	4900-765-042-4900-004 042-4900-752-001-10 N/A	Open Open Open	Various Various Various	88,326.83 23,466.30 (1,705.00)	-	-	-	-
					12,562.02	-	-	88,326.83 36,028.32 (1,705.00) 6,822.00
Department of Community Affairs New Jersey Historic Preservation Trust	100-022-8070-039-999000	01/01/01 12/31/01	102,000.00	(20,653.75)	-	-	-	102,000.00
Department of Law and Public Safety Alcohol Education & Rehabilitation Body Armor Replacement Program State Office of Emergency Management - Planning NJDHTS - Over the Limit Under Arrest Drunk Driving Enforcement Fund Click it or Ticket Program Think Safety Pedestrian Mobilization	N/A 1020-718-066-1020-001 N/A N/A	Open Open Open Open	Various Various Various Various	11,241.78 597.81 - -	-	-	-	662.64 13,000.00 - -
					-	-	-	11,241.78 597.81 - -
					-	-	-	-
					-	-	-	-
	1110-448-031020-220040 1160-100-066-1160-113 N/A	Open 12/31/08 12/31/09	Various 4,000.00 4,000.00	11,419.29 3,055.12 1,854.71	36,209.32	10,277.97	-	37,350.64 3,055.12 1,854.71 31,832.23 - -
					-	-	-	-
					-	-	-	-
					-	-	-	-
Department of Transportation Surf Road 2nd Avenue 10th Avenue - Surf Road to JFK Maryland Avenue - 2009 Chesnut Avenue West 17th Avenue - 2013 Safe Route to Schools Program Transportation Enhancement Program Heavy Duty Truck Reinforcement Traffic Safety Grant	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	Open 12/31/07 12/31/08 12/31/09 12/31/10 12/31/13 12/31/08 12/31/13 12/31/08 12/31/08 12/31/06	Various 135,000.00 143,000.00 160,000.00 186,000.00 154,277.00 24,500.00 450,000.00 14,000.00 3,000.00	(12,998.61) (33,750.00) (35,750.00) (39,888.09) (46,500.00) - - - - 3,000.00	-	-	-	(12,998.61) (33,750.00) (35,750.00) (40,000.00) (46,500.00) - - - - 3,000.00 - -
					-	-	-	-
					-	-	-	-
					-	111.91	-	21,557.38 186,000.00 - -
					-	-	-	-
					-	-	-	-
					-	-	-	-
					-	-	-	-
					-	-	-	-
					-	-	-	-
					-	-	-	-
					-	-	-	-
Department of Commerce and Economic Development Boardwalk Sound System CCTV Project Trash Cans and Benches Purchase of Electric Van and Green Machine 2010 Administrative Budget	N/A N/A N/A N/A N/A	12/31/08 12/31/08 12/31/08 Open 12/31/10	77,216.00 30,514.00 202,480.00 Various Various	(1,509.22) 3,037.50 (4,767.23) - 9,733.00	-	-	-	(1,509.22) 3,037.50 (4,767.23) - 9,733.00 -
					-	-	-	-
					-	-	-	-
					-	-	-	-
Total State Assistance					(41,789.56)	48,771.34	10,389.88	(3,408.10)
Total Federal and State Financial Assistance					\$ 3,408,407.63	1,004,960.12	7,396,771.32	(2,983,403.57)

The Accompanying Notes to Schedule of Expenditures of Federal Awards and  
State Financial Assistance are an Integral Part of this Statement

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

**Note 1: BASIS OF PRESENTATION**

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

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Expenditures per Schedule of Federal Awards and State Financial Assistance	\$ 7,386,381.44	\$ 10,389.88	\$ 7,396,771.32
Less : Expenditures Related to Storms - Subsequently reimbursed through FEMA	<u>(233,356.77)</u>	<u>-</u>	<u>(233,356.77)</u>
Expenditures Reported in Basic Financial Statements	<u>\$ 7,153,024.67</u>	<u>\$ 10,389.88</u>	<u>\$ 7,163,414.55</u>

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

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

**Financial Statement Section**

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

**Federal Awards Section**

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	<u>FEMA - Public Assistance for Presidentially Declared Disaster</u>
14.218	<u>Community Development Block Grants/Entitlement Grants</u>
10.760	<u>Water and Waste Disposal Systems for Rural Communities</u>
_____	_____
_____	_____
_____	_____
_____	_____

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

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

**State Awards Section - Not Applicable**

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

GMIS Number(s)

Name of State Program

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

NONE

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

NONE

***STATUS OF PRIOR YEAR FINDINGS***

There were no prior year findings.



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2012	\$ 6,998,996.25	-
Increased by Receipts:		
Tax Collector	33,278,581.80	-
Revenue Accounts Receivable	3,471,642.63	-
Miscellaneous Revenue Not Anticipated	505,349.34	-
Due from State - Veterans and Senior Citizens	92,052.28	-
Due from Trust Assessment	23.82	-
Sewer Overpayments	29,662.16	-
Payroll Deductions Payable	7,897,933.65	-
Marriage License Fees Due to State	675.00	-
Reserve for 1.85% Room Tax	217,620.21	-
Due from Federal and State Grant Fund	447,476.60	-
Due to GWTIDA	478,726.00	-
Due to Current Fund	-	657,750.44
Federal and State Unallocated	-	15,297.99
Federal and State Receivables	-	400,000.00
	<u>46,419,743.49</u>	<u>1,073,048.43</u>
	53,418,739.74	1,073,048.43
Decreased by Disbursements:		
Current Year Appropriation	23,361,484.52	-
Prior Year Appropriations	345,789.96	-
County Taxes	6,644,325.40	-
County Added and Omitted Taxes	12,544.33	-
Local District School Taxes	6,049,995.50	-
Special District Taxes	55,000.00	-
Refund of Tax Overpayments	20,086.17	-
Due to State - Marriage Licenses	1,050.00	-
Due to Federal and State Grant Fund	657,750.44	-
Due to GWTIDA	469,332.00	-
Payroll Deductions Paid	7,841,773.18	-
Emergency Note Payable	365,000.00	-
Refund of Prior Year Revenue	40,438.53	-
Change fund	350.00	-
Expenditure without an Appropriation	-	3,770.00
Due to Current Fund	-	447,476.60
Federal and State Disbursements	-	621,801.83
	<u>45,864,920.03</u>	<u>1,073,048.43</u>
Balance December 31, 2013	\$ <u><u>7,553,819.71</u></u>	<u><u>-</u></u>

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

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	817,600.90		
Taxes Receivable	28,541,218.51		
Revenue Accounts Receivable	<u>3,919,762.39</u>		
			<u>33,278,581.80</u>
			33,278,581.80
Payments to Treasurer			<u>33,278,581.80</u>
Balance December 31, 2013		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
				2012	2013				
Arrears	\$ 18.88	-	-	-	-	-	-	-	18.88
Prior	319,050.78	-	-	-	-	(500.00)	-	-	319,550.78
2011	3,007.77	-	-	-	-	1,448.43	-	-	1,559.34
2012	38,352.18	-	-	-	8,499.45	-	-	-	29,852.73
	360,429.61	-	-	-	8,499.45	948.43	-	-	350,981.73
2013	-	29,530,675.69	24,210.30	754,298.98	28,609,095.64	127,139.55	52.33	-	64,299.49
\$	360,429.61	29,530,675.69	24,210.30	754,298.98	28,617,595.09	128,087.98	52.33	-	415,281.22
Analysis of Current Year Tax Levy									
Tax Yield:									
General Property Tax									
Special District Taxes									
Added Taxes (54:4-63.1 et. Seq.)									

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

Balance December 31, 2012		\$	671.56
Increased by:			
Transfers from Taxes Receivable	52.33		
Interest and Costs Accrued by Sale			
of December 27, 2013	<u>52.72</u>		
			<u>105.05</u>
Balance December 31, 2013		\$	<u><u>776.61</u></u>

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$ -	58,940.00	-	58,940.00	-
Other	-	176,400.00	-	176,400.00	-
Fees and Permits	-	303,505.30	-	303,505.30	-
Fines and Costs:					
Municipal Court	20,141.38	581,713.16	-	579,725.50	22,129.04
Interest and Costs on Taxes	-	103,918.04	103,918.04	-	-
Interest Earned on Investments	-	56,273.87	-	56,273.87	-
Parking Meters	-	874,671.48	-	874,671.48	-
Emergency Rescue Services	-	272,030.89	-	272,030.89	-
Fire Inspection Fees	-	162,737.70	-	162,737.70	-
Sewer Rents	282,836.13	3,835,620.08	3,783,746.64	-	334,709.57
Tram Car Lease	-	30,900.00	-	30,900.00	-
Rental of City Property	-	120,658.50	-	120,658.50	-
Energy Receipts Tax	-	442,027.00	-	442,027.00	-
Uniform Fire Safety	-	18,243.55	-	18,243.55	-
Reserve to Pay Debt Service	-	377,958.71	-	377,958.71	-
1.85% Beach Maintenance	-	262,416.32	-	262,416.32	-
Miscellaneous Revenue Not Anticipated	-	537,447.05	32,097.71	505,349.34	-
	<u>\$ 302,977.51</u>	<u>8,215,461.65</u>	<u>3,919,762.39</u>	<u>4,241,838.16</u>	<u>356,838.61</u>
			Cash	3,976,991.97	
			Interfunds	2,429.87	
			Journal Entries	262,416.32	
			Total	<u>4,241,838.16</u>	

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT:</b>					
General Administration					
Salaries and Wages	7,282.14	7,282.14	-	7,282.14	-
Other Expenses	3,533.59	3,533.59	2,949.84	583.75	-
Mayor and Council					
Salaries and Wages	587.29	587.29	-	587.29	-
Other Expenses	4,819.45	4,819.45	-	4,819.45	-
Municipal Clerk					
Salaries and Wages	99.65	99.65	-	99.65	-
Other Expenses	17,484.18	17,484.18	7,458.29	10,025.89	-
Financial Administration					
Salaries and Wages	14,666.71	14,666.71	-	14,666.71	-
Other Expenses	14,598.71	14,598.71	813.00	13,785.71	-
Revenue Administration (Tax Collection)					
Salaries and Wages	7,642.24	7,642.24	-	7,642.24	-
Other Expenses	4,407.69	4,407.69	1,418.27	2,989.42	-
Tax Assessment Administration					
Salaries and Wages	3,496.93	3,496.93	-	3,496.93	-
Other Expenses	13,282.46	13,282.46	540.24	12,742.22	-
Legal Services					
Other Expenses	28,187.11	28,187.11	15,241.80	12,945.31	-
Engineering Services and Costs					
Other Expenses	69,715.28	69,715.28	7,209.15	62,506.13	-
Ambulance Billing Administration Fee					
Other Expenses	3,346.53	3,346.53	1,494.00	1,852.53	-
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	373.02	373.02	-	373.02	-
Other Expenses	10,034.77	10,034.77	616.04	9,418.73	-
Zoning Board of Adjustment					
Salaries and Wages	8,727.09	8,727.09	-	8,727.09	-
Other Expenses	5,889.09	5,889.09	1,595.88	4,293.21	-
<b>INSURANCE</b>					
General Liability	2,622.15	2,622.15	-	2,622.15	-
Workers Compensation Insurance	563.85	563.85	-	563.85	-
Employee Group Health Insurance	51,548.04	51,548.04	(2,997.71)	54,545.75	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>PUBLIC SAFETY</b>					
Fire Department					
Salaries and Wages	43,241.89	43,241.89	-	43,241.89	-
Other Expenses	18,975.31	18,975.31	11,064.87	7,910.44	-
Fire Safety Act					
Salaries and Wages	2,442.24	2,442.24	-	2,442.24	-
Other Expenses	10,969.22	10,969.22	1,356.72	9,612.50	-
Aid to Volunteer Fire Company					
Other Expenses	3,200.00	3,200.00	-	3,200.00	-
Police Department					
Salaries and Wages	53,710.67	53,710.67	-	53,710.67	-
Other Expenses	25,475.11	25,475.11	22,861.01	2,614.10	-
Office of Emergency Management					
Salaries and Wages	78.94	78.94	-	78.94	-
Other Expenses	4,392.99	35,992.99	17,690.48	18,302.51	-
Municipal Court					
Salaries and Wages	642.21	642.21	-	642.21	-
Other Expenses	6,069.13	6,069.13	486.97	5,582.16	-
<b>PUBLIC WORKS</b>					
Public Works Department					
Salaries and Wages	126,465.19	82,865.19	-	82,865.19	-
Other Expenses	29,402.51	29,402.51	23,828.63	5,573.88	-
Garbage and Trash					
Other Expenses	70,403.06	70,403.06	58,718.42	11,684.64	-
Fleet Maintenance					
Salaries and Wages	14,670.14	14,670.14	-	14,670.14	-
Other Expenses	30,367.35	30,367.35	16,946.66	13,420.69	-
Public Buildings and Grounds					
Salaries and Wages	1,034.80	1,034.80	-	1,034.80	-
Other Expenses	47,001.12	47,001.12	16,883.34	30,117.78	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>PARKS AND RECREATION</b>					
Lifeguards					
Salaries and Wages	15,665.92	15,665.92	-	15,665.92	-
Other Expenses	3,558.37	3,558.37	615.74	2,942.63	-
Recreation Center					
Salaries and Wages	61,952.95	61,952.95	-	61,952.95	-
Other Expenses	5,936.24	5,936.24	4,905.17	1,031.07	-
Parks and Playgrounds					
Salaries and Wages	16,369.03	16,369.03	-	16,369.03	-
Other Expenses	15,602.20	15,602.20	3,106.65	12,495.55	-
<b>UNIFORM CONSTRUCTION CODE</b>					
Construction Official					
Salaries and Wages	506.71	506.71	-	506.71	-
Other Expenses	13,886.39	13,886.39	97.69	13,788.70	-
<b>UNCLASSIFIED</b>					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	19,009.14	19,009.14	1,404.94	17,604.20	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electric	30,352.94	30,352.94	5,440.11	24,912.83	-
Street Lighting	575.88	575.88	-	575.88	-
Telephone	62,072.35	62,072.35	12,246.03	49,826.32	-
Natural Gas	50,769.82	50,769.82	-	50,769.82	-
Water	6,809.76	6,809.76	-	6,809.76	-
Gasoline	26,972.47	26,972.47	24,533.89	2,438.58	-
Traffic Lights	1,404.23	1,404.23	-	1,404.23	-
<b>LANDFILL / SOLID WASTE DISPOSAL COSTS</b>					
Cape May County MUA Tipping Fees	51,553.84	63,553.84	63,553.84	-	-
Contingent	500.00	500.00	-	500.00	-
<b>STATUTORY EXPENDITURES</b>					
Contribution to:					
Social Security System (O.A.S.I.)	54,479.27	54,479.27	-	54,479.27	-
Unemployment Compensation Insurance	6,502.49	6,502.49	-	6,502.49	-
Lifeguard Pension	22,000.00	22,000.00	22,000.00	-	-
Retirement Reserve	34,000.00	34,000.00	-	34,000.00	-
Defined Contribution Retirement Program	218.41	218.41	-	218.41	-

See Accompanying Auditor's Report



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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Insurance					
Employee Group Health	132,150.00	132,150.00	-	132,150.00	-
Payments to Cape May County Municipal					
Utilities Authority - Sewer Charges	12,703.00	12,703.00	-	12,703.00	-
Length of Service Award Program (LOSAP)	243.10	243.10	-	243.10	-
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Municipal Alliance - Local Share	1,710.00	1,710.00	1,710.00	-	-
	<u>1,408,954.36</u>	<u>1,408,954.36</u>	<u>345,789.96</u>	<u>1,063,164.40</u>	<u>-</u>
\$					

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

Balance December 31, 2012			
School Tax Payable	\$	579,327.50	
School Tax Deferred		<u>2,479,787.50</u>	
			\$ 3,059,115.00
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			<u>5,981,751.00</u>
			9,040,866.00
Decreased by:			
Payments			<u>6,049,995.50</u>
Balance December 31, 2013			
School Tax Payable		511,083.00	
School Tax Deferred		<u>2,479,787.50</u>	
			<u>2,990,870.50</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			6,049,995.50
Tax Payable Ending			<u>511,083.00</u>
			6,561,078.50
Less: Tax Payable Beginning			<u>579,327.50</u>
Amount charged to Current Year Operations			<u>\$ 5,981,751.00</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
<b>FEDERAL GRANTS:</b>					
Small Cities Block Grant					
CDBG 2011 - Community Center ADA Impr.	\$ 67,845.00	-	-	-	67,845.00
CDBG 2012 - ADA	400,000.00	-	400,000.00	-	-
CDBG 2013 - ADA	-	399,500.00	-	-	399,500.00
Edward Byrne Justice Assistance Grant	351.00	-	-	-	351.00
FHA TEA - Hereford Lighthouse	65,028.13	-	-	-	65,028.13
FEMA - Assistance to Firefighters Grant	591.00	110,480.00	-	-	111,071.00
Total Federal	533,815.13	509,980.00	400,000.00	-	643,795.13
<b>STATE GRANTS:</b>					
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
2013 - West 17th Avenue	-	154,277.00	-	-	154,277.00
NJDOT - Transportation Enhancement Program	-	450,000.00	-	-	450,000.00
DOT Safe Route to Schools Program	24,500.00	-	-	-	24,500.00
N.J. Department of Environmental 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	-	300,000.00	-	-	300,000.00
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
Hereford Lighthouse - Roof Reconstr.	20,653.75	-	-	-	20,653.75
Total State	260,811.30	904,277.00	-	-	1,165,088.30
\$	794,626.43	1,414,257.00	400,000.00	-	1,808,883.43
		Cash	400,000.00		
		Unappropriated Reserves	-		
			400,000.00		

See Accompanying Auditor's Report

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

	Balance December 31, 2012		2013		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations					
<b>FEDERAL GRANTS:</b>								
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.	114,470.16	-	-	-	10,415.00	-	-	104,055.16
CDBG - ADA - 2012	400,000.00	-	-	370,025.79	-	-	-	29,974.21
CDBG - ADA - 2013	-	-	399,500.00	143,101.07	256,398.93	-	-	-
FEMA - Assistance to Firefighters Grant	-	-	110,480.00	98,397.00	-	-	-	12,083.00
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	-	4,445.01	-	-	-	-	10,856.99
COPS in Schools	41,634.73	-	-	-	-	-	-	41,634.73
Economic Impact Initiative	4,636.03	-	-	-	-	-	-	4,636.03
<b>Total Federal</b>	<b>652,399.32</b>	<b>-</b>	<b>514,425.01</b>	<b>611,523.86</b>	<b>268,913.32</b>	<b>-</b>	<b>-</b>	<b>286,387.15</b>
<b>STATE GRANTS:</b>								
Drunk Driving Enforcement	11,419.29	-	36,209.32	10,277.97	-	-	-	37,350.64
N.J. Transportation Trust Fund :								
Surf Road	14,878.91	-	-	-	-	-	-	14,878.91
FY2009 Aid - Maryland Avenue	111.91	-	-	-	111.91	-	-	-
FY2013 Aid - West 17th Avenue	-	-	154,277.00	-	-	-	-	154,277.00
N.J. DOT Safe Route to Schools Program	24,500.00	-	-	-	-	-	-	24,500.00
N.J. DOT Transportation Enhancement Program	-	-	450,000.00	-	-	-	-	450,000.00
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	-	12,562.02	-	-	-	-	36,028.32
Clean Communities	88,326.83	-	300,000.00	-	-	-	-	388,326.83
Body Armor Grant 2012	597.81	-	-	-	-	-	-	597.81
Body Armor Grant 2013	-	-	-	-	-	-	-	-
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
2006 Traffic Safety Grant	3,000.00	-	-	-	-	-	-	3,000.00
<b>Total State</b>	<b>219,021.74</b>	<b>-</b>	<b>953,048.34</b>	<b>10,277.97</b>	<b>111.91</b>	<b>-</b>	<b>-</b>	<b>1,161,680.20</b>
	<b>871,421.06</b>	<b>-</b>	<b>1,467,473.35</b>	<b>621,801.83</b>	<b>269,025.23</b>	<b>-</b>	<b>-</b>	<b>1,448,067.35</b>

See Accompanying Auditor's Report

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

<u>Purpose</u>	Balance	Transferred	<u>Received</u>	<u>Adjustments</u>	Balance
	Dec. 31, 2012	To 2013 Appropriations			Dec. 31, 2013
<b>STATE GRANTS:</b>					
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	4,445.01	-	-	4,445.01	-
Recycling Tonnage Grant 2007	12,562.02	-	12,286.36	12,562.02	12,286.36
2007 Traffic Safety Grant	1,854.92	-	-	-	1,854.92
Body Armor Replacement Fund 2011	-	-	3,011.63	-	3,011.63
Total State	<u>102,576.23</u>	<u>-</u>	<u>15,297.99</u>	<u>53,216.35</u>	<u>64,657.87</u>
\$	<u>102,576.23</u>	<u>-</u>	<u>15,297.99</u>	<u>53,216.35</u>	<u>64,657.87</u>

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

Balance December 31, 2012		\$	1,198.00
Increased By Receipts:			
Dog Licenses Fees - City Share	\$	240.00	
		<hr/>	<hr/>
			240.00
Balance December 31, 2013		\$	<u><u>1,438.00</u></u>

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

	Other	Assessment
Balance December 31, 2012	\$ 1,751,750.88	\$ 15,439.68
Increased By Receipts:		
Tourism Development	\$	-
Recreation	41,588.00	-
Parking Offenses Adjudication Act	140,551.00	-
Public Defender	3,144.00	-
Municipal Alliance	1,173.00	-
D.A.R.E. Program	17,869.27	-
Memorials/Beautification Enhancement	1,100.00	-
Forfeited Property	12,750.00	-
Off Duty Police	1,119.75	-
Recreation - Junior Lifeguards	930.24	-
Fire Prevention	2,820.00	-
Lifeguard Pension	1,806.76	-
Tax Premiums	58,715.00	-
Tax Title Liens	430,089.14	-
Small Cities Escrow Deposits	1,073,668.37	-
Developers Escrow	19,861.18	-
Municipal Parking Capital Improvement Account	278,943.38	-
UCC Third Party	0.24	-
Flex Savings	175,078.00	-
Assessments Receivable	455.45	253.72
Interest Earned on Deposits	-	88.86
Interest Earned - Due to Current	2,429.87	-
	<u>2,264,092.65</u>	<u>342.58</u>
	4,015,843.53	15,782.26
Decreased by Disbursements:		
Tourism Development	61,450.00	-
Recreation	236,642.71	-
Parking Offenses Adjudication Act	1,692.00	-
Municipal Alliance	25,727.51	-
D.A.R.E. Program	1,664.38	-
Recreation - Junior Lifeguards	4,144.13	-
Memorials/Beautification Enhancement	667.60	-
UEZ 2nd Generation Funds	52,679.53	-
UCC Third Party	158,211.80	-
Lifeguard Pension	35,966.38	-
Developers Escrow	251,350.62	-
Flex Savings	80.05	-
Tax Premiums	183,707.14	-
Tax Title Liens	1,143,431.24	-
Small Cities	127,745.00	-
Interest Paid to Current Fund	-	23.82
	<u>2,285,160.09</u>	<u>23.82</u>
Balance December 31, 2013	\$ <u>1,730,683.44</u>	\$ <u>15,758.44</u>

See Accompanying Auditor's Report

**TRUST FUND**  
**SCHEDULE OF RESERVE/(DEFICIT) FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2012		\$ 490.00
Increased By:		
Dog Licenses Fees Collected - City Share	\$ 240.00	
	<hr/>	<hr/>
		240.00
		<hr/>
		730.00
Decreased By:		
Statutory Excess Due to Current Fund	306.00	
	<hr/>	<hr/>
		306.00
		<hr/>
Balance December 31, 2013		\$ <u><u>424.00</u></u>

## License Fees Collected

Year

2011	\$ 240.00
2012	<hr/> 184.00
	<hr/> \$ <u><u>424.00</u></u>



**TRUST FUND**  
**SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance December 31, 2011		\$	706.80
Increased By:			
Statutory Excess	\$	306.00	
		<hr/>	<hr/>
			306.00
			<hr/>
			1,012.80
			<hr/>
Balance December 31, 2012		\$	<u><u>1,012.80</u></u>

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

Balance December 31, 2012		\$ 1,274,704.20
Increased by:		
Proceeds from Bond Anticipation Notes	1,375,000.00	
Proceeds from Bond Sale	11,400,000.00	
Budget Appropriation :		
Capital Improvement Fund	150,000.00	
USDA Grant	318,387.00	
FEMA Grant - Beach Replishment	713,460.62	
Premium Received on Sale of Notes	156,218.70	
Improvement Authorization Reimbursements	88,452.24	
	<hr/>	<hr/> 14,201,518.56
		15,476,222.76
Decreased by:		
Improvement Authorizations	11,073,705.61	
Reserve for Debt Service	377,958.71	
	<hr/>	<hr/> 11,451,664.32
Balance December 31, 2013		\$ <u><u>4,024,558.44</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Disbursements				Balance Dec. 31, 2013		
		Receipts		Improvement Authorizations	Transfers			
		Miscellaneous	Debt Issued				Miscellaneous	From
Fund Balance	\$ 578,532.37	156,218.70	-	-	-	225,000.00	-	509,751.07
Capital Improvement Fund	360,130.00	150,000.00	-	-	-	325,000.00	-	185,130.00
Reserve for Debt Service	377,958.71	13,460.62	-	-	377,958.71	-	-	13,460.62
Encumbrances Payable	3,788,771.49	-	-	-	-	3,788,771.49	978,861.68	978,861.68
Due from Federal & State Grant Fund	4,636.03	-	-	-	-	-	-	4,636.03
Due to Current Fund	(37,280.00)	-	-	-	-	-	-	(37,280.00)
<u>Improvement Authorizations:</u>								
1434 Various Improvements	-	-	-	-	-	-	5,709.33	5,709.33
1473 Various Improvements	-	-	-	-	-	-	228.39	228.39
1519 Various Capital Improvements	36,309.23	-	-	257,535.39	-	57,714.40	315,979.79	37,039.23
1526 Demolition of Seaport Pier	5,447.10	-	-	-	-	-	-	5,447.10
1534 Various Capital Improvements	176,026.37	-	-	23,642.86	-	-	16,728.53	169,112.04
1540 Various Capital Improvements	(25,000.00)	-	25,000.00	-	-	-	-	-
1541 Acquisition of Property	17,850.00	-	-	-	-	-	-	17,850.00
1546 Street and Utility Reconstruction of 12th Avenue	-	-	-	-	-	3,708.27	4,661.61	953.34
1553 Sanitary Sewer Improvements	(294,419.64)	318,387.00	-	22,143.27	-	-	-	1,824.09
1562 Various Capital Improvements	54,933.72	-	-	4,354.26	-	77,692.37	77,692.37	50,579.46
1571 Acquisition of Property	7,298.15	-	-	-	-	-	-	7,298.15
1576 Sanitary Sewer Improv. Phase III	(3,356,360.41)	-	3,500,000.00	1,306,875.69	-	360,133.61	2,470,869.24	947,499.53
1580 Storm Drainage Improvements and the Replenishment of the Beach	104,049.46	-	-	137,208.21	-	28,802.91	35,255.69	(26,705.97)
1600 Various Improvements	506,823.40	-	-	614,268.10	-	2,885.85	152,168.82	41,838.27
1611 Various Improvements	(1,131,001.78)	30,000.00	2,100,000.00	1,207,723.64	-	243,946.54	709,477.72	256,805.76
1617 Various Improvements	100,000.00	58,452.24	1,900,000.00	1,295,001.55	-	78,805.26	-	684,645.43
1624 Beach Replenishment	-	-	3,100,000.00	3,074,962.03	-	123,222.47	175,000.00	76,815.50
1628 8th Street Field	-	-	2,850,000.00	2,913,109.00	-	-	150,000.00	86,891.00
1632 Security Equipment	-	-	-	216,881.61	-	1,950.00	225,000.00	6,168.39
\$	1,274,704.20	726,518.56	13,475,000.00	11,073,705.61	377,958.71	5,317,633.17	5,317,633.17	4,024,558.44

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

Balance December 31, 2012		\$	360,130.00
Increased by:			
Current Fund Budget Appropriation	150,000.00		
	<hr/>		<hr/>
			150,000.00
			510,130.00
Decreased by:			
Improvement Authorizations Funded	325,000.00		
	<hr/>		<hr/>
			325,000.00
Balance December 31, 2013		\$	<u><u>185,130.00</u></u>

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

Balance December 31, 2012		\$ 29,311,845.58
Increased by:		
Serial Bond Issued	11,400,000.00	
	<hr/>	<hr/> 11,400,000.00
		40,711,845.58
Decreased by:		
Serial Bonds Paid	2,270,000.00	
Wastewater Bonds Paid	160,000.00	
Wastewater Loan Payments	152,358.06	
Green Trust Loan Payments	5,847.71	
USDA Bonds Paid	147,659.48	
	<hr/>	<hr/> 2,735,865.25
Balance December 31, 2013		\$ <u><u>37,975,980.33</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Other	Balance Dec. 31, 2013	Analysis of Balance		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1519/1600	Various Capital Improvements	\$ 1,349,577.00	-	-	1,329,577.00	-	20,000.00	-	-	20,000.00
1526	Demolition of Seaport Pier	150,000.00	-	-	100,000.00	-	50,000.00	-	-	50,000.00
1534	Various Capital Improvements	4,471,638.00	-	-	4,471,638.00	-	-	-	-	-
1540	Various Capital Improvements	1,425,000.00	-	-	1,425,000.00	-	-	-	-	-
1541	Acquisition of Property	332,000.00	-	-	-	-	332,000.00	-	-	332,000.00
1546	Street and Utility Reconstruction of 12th Avenue	273,785.00	-	-	273,785.00	-	-	-	-	-
1553	Sanitary Sewer Improvements	318,387.00	-	-	-	318,387.00	-	-	-	-
1562	Various Capital Improvements	1,845,000.00	-	-	1,800,000.00	-	45,000.00	-	-	45,000.00
1571	Acquisition of Property	-	-	-	-	-	-	-	-	-
1576	Sanitary Sewer Improvements	3,650,000.00	-	-	-	-	3,650,000.00	3,500,000.00	150,000.00	-
1580	Storm Drainage Improvements and the Replenishment of the Beach	3,031,250.00	-	-	1,400,000.00	700,000.00	931,250.00	-	26,705.97	904,544.03
1611	Various Improvements	2,413,000.00	-	-	600,000.00	-	1,813,000.00	1,500,000.00	-	313,000.00
1617	Various Improvements	1,900,000.00	-	-	-	-	1,900,000.00	1,900,000.00	-	-
1624	Beach Replenishment	-	3,325,000.00	-	-	-	3,325,000.00	3,100,000.00	225,000.00	-
1628	8th Street Field	-	2,850,000.00	-	-	-	2,850,000.00	2,850,000.00	-	-
		\$ 21,159,637.00	6,175,000.00	-	11,400,000.00	1,018,387.00	14,916,250.00	12,850,000.00	401,705.97	1,664,544.03
		-	-	-	-	-	-	-	-	3,703,494.75
		Improvement Authorizations Unfunded								
		Less:								
		Unexpended Proceeds of Bond								
		Anticipation Notes Issued:								
		Ord. Number								
		1576								
		\$ 1,097,499.53								
		256,805.76								
		684,645.43								
		2,038,950.72								
		\$ 1,664,544.03								

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Authorizations					Balance December 31, 2013	
				Balance December 31, 2012		Capital Improvement Fund	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Unfunded
				Funded	Unfunded					
1434	Various Capital Improvements	4/15/2003	698,320	-	-	-	-	-	(5,709.33)	5,709.33
1473	Various Improvements	6/8/2005	2,982,437	-	-	-	-	-	(228.39)	228.39
1519	Various Capital Improvements	4/3/2007	5,549,000	36,309.23	20,000.00	-	-	-	(730.00)	37,039.23
1526	Demolition of Seaport Pier	2/19/2008	150,000	5,447.10	50,000.00	-	-	-	-	5,447.10
1534	Various Capital Improvements	5/6/2008	5,000,000	176,026.37	-	-	-	-	6,914.33	169,112.04
1541	Acquisition of Property	8/5/2008	350,000	17,850.00	332,000.00	-	-	-	-	17,850.00
1546	Street and Utility Reconstruction of 12th Avenue	10/7/2008	315,000	-	-	-	-	-	(953.34)	953.34
1553	Sanitary Sewer Improvements	10/21/2008	6,100,000	-	23,967.36	-	-	-	22,143.27	1,824.09
1562	Various Capital Improvements	5/19/2009	1,942,400	54,933.72	45,000.00	-	-	-	4,354.26	50,579.46
1571	Acquisition of Property	9/1/2009	940,000	7,298.15	-	-	-	-	-	7,298.15
1576	Sanitary Sewer Improvements	11/17/2009	3,650,000	-	293,639.59	-	-	-	(803,859.94)	-
1580	Storm Drainage Improvements and the Replenishment of the Beach	4/20/2010	5,500,000	104,049.46	931,250.00	-	-	-	130,755.43	-
1600	Various Improvements	10/4/2011	1,200,000	506,823.40	-	-	-	-	464,985.13	41,838.27
1611	Various Improvements	6/6/2012	2,540,000	-	1,281,998.22	-	-	-	712,192.46	-
1617	Various Improvements	12/4/2012	2,000,000	100,000.00	1,900,000.00	-	-	-	1,315,354.57	-
1624	Beach Replenishment	5/7/2013	3,500,000	-	-	175,000.00	3,325,000.00	-	3,198,184.50	301,815.50
1628	8th Street Field	5/21/2013	3,000,000	-	-	150,000.00	2,850,000.00	-	2,913,109.00	86,891.00
1632	Security Equipment	7/2/2013	225,000	-	-	-	225,000.00	-	218,831.61	6,168.39
				<u>\$ 1,008,737.43</u>	<u>4,877,855.17</u>	<u>325,000.00</u>	<u>6,400,000.00</u>	<u>-</u>	<u>8,175,343.56</u>	<u>3,703,494.75</u>
				Paid		11,073,705.61				
				Refund		(88,452.24)				
				Canceled						
				Due from Federal & State Grant Fund						
				Encumbrances Payable 12/31/13		978,861.68				
				Encumbrances Payable 12/31/12		(3,788,771.49)				
						<u>8,175,343.56</u>				

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013	
			Date	Amount						
General Obligation Bonds of 2002	10/1/2002	6,240,000.00		-	\$	630,000.00	-	630,000.00	-	
General Obligation Bonds of 2004	12/1/2004	8,000,000.00	12/1/2014	800,000.00	3.550%	4,600,000.00	-	740,000.00	3,860,000.00	
			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	12/1/2009	13,630,000.00	12/1/2014	1,000,000.00	2.000%	11,180,000.00	-	900,000.00	10,280,000.00	
			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%					
General Obligation Bonds of 2013	8/1/2013	11,400,000.00	8/1/2014	600,000.00	2.000%	-	11,400,000.00	-	11,400,000.00	
			8/1/2015	660,000.00	2.000%					
			8/1/2016	740,000.00	2.000%					
			8/1/2017	800,000.00	2.000%					
			8/1/2018	940,000.00	4.000%					
			8/1/2019	980,000.00	4.000%					
			8/1/2020	980,000.00	3.000%					
			8/1/2021	1,000,000.00	3.000%					
			8/1/2022	1,150,000.00	3.000%					
			8/1/2023	1,150,000.00	3.250%					
			8/1/2024	1,200,000.00	3.500%					
			8/1/2025	1,200,000.00	3.625%					
						\$	16,410,000.00	11,400,000.00	2,270,000.00	25,540,000.00



GENERAL CAPITAL FUND  
SCHEDULE OF WASTEWATER TREATMENT TRUST BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Wastewater Treatment Fund Bonds of 1998	10/15/1997	1,075,000.00	10/15/2014	75,000.00	5.000% \$	385,000.00		70,000.00	315,000.00
			10/15/2015	75,000.00	5.000%				
			10/15/2016	80,000.00	5.000%				
			10/15/2017	85,000.00	5.000%				
Wastewater Treatment Fund Bonds of 2003A	10/15/2002	1,745,000.00	8/1/2014	95,000.00	5.250%	1,115,000.00		90,000.00	1,025,000.00
			8/1/2015	100,000.00	5.250%				
			8/1/2016	100,000.00	5.000%				
			8/1/2017	105,000.00	5.000%				
			8/1/2018	115,000.00	5.000%				
			8/1/2019	120,000.00	5.000%				
			8/1/2020	125,000.00	5.000%				
			8/1/2021	130,000.00	5.000%				
			8/1/2022	135,000.00	5.000%				
						\$ 1,500,000.00	-	160,000.00	1,340,000.00

**GENERAL CAPITAL FUND  
SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Wastewater Treatment Fund Loan of 1998	10/15/1997	1,092,217.00	2/1/2014	4,982.99	n/a	\$ 163,117.58		56,473.93	106,643.65
			8/1/2014	52,440.07					
			2/1/2015	3,796.57					
			8/1/2015	45,424.02					
Wastewater Treatment Fund Loan of 2003A	10/15/2002	1,843,735.00	2/1/2014	16,810.53	n/a	946,566.40		95,884.13	850,682.27
			8/1/2014	79,254.36					
			2/1/2015	15,171.38					
			8/1/2015	80,901.73					
			2/1/2016	13,528.12					
			8/1/2016	79,258.47					
			2/1/2017	11,884.86					
			8/1/2017	80,901.73					
			2/1/2018	10,159.44					
			8/1/2018	85,749.34					
			2/1/2019	8,269.69					
			8/1/2019	87,146.11					
			2/1/2020	6,297.78					
			8/1/2020	88,460.72					
			2/1/2021	4,243.71					
			8/1/2021	89,693.16					
			2/1/2022	2,107.47					
			8/1/2022	90,843.67					
\$ 1,109,683.98						-	152,358.06	957,325.92	

GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			December 31, 2013						
			Date	Amount					
Skateboard Park	4/19/2005	120,000.00	2014	5,965.25	2.000%	\$ 82,168.21	-	5,847.71	76,320.50
			2015	6,085.15					
			2016	6,207.46					
			2017	6,332.24					
			2018	6,459.51					
			2019	6,589.35					
			2020	6,721.80					
			2021	6,856.90					
			2022	6,994.72					
			2023	7,135.32					
			2024	7,278.74					
			2025	3,694.06					
						\$ 82,168.21	-	5,847.71	76,320.50

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Capital Improvements	1519/1600	12/14/2007	12/7/2012	8/15/2013	1.250% \$	1,329,577.00		1,329,577.00	-
Demolition of Seaport Pier	1526	5/19/2011	5/18/2012 5/16/2013	5/17/2013 8/15/2013	1.500% 0.450%	100,000.00	100,000.00	100,000.00	-
Various Capital Improvements	1534/1600	12/11/2009	12/7/2012	8/15/2013	1.250%	4,471,638.00		4,471,638.00	-
Seawall and Beach Fill Project	1540	5/19/2011	5/18/2012 5/16/2013	5/17/2013 8/15/2013	1.500% 0.450%	1,400,000.00	1,400,000.00	1,400,000.00	-
Utility Reconstruction - 12th Avenue	1546	12/11/2009	12/7/2012	8/15/2013	1.250%	273,785.00		273,785.00	-
Various Capital Improvements	1562	12/31/2009 *	12/7/2012	8/15/2013	1.250%	1,800,000.00		1,800,000.00	-
Sanitary Sewer Improvements Phase II	1576	11/17/2009	3/12/2013	3/12/2014	1.250%	-	3,500,000.00		3,500,000.00
Storm Drainage Improvements and the Replenishment of the Beach	1580	5/20/2010	5/18/2012 5/16/2013	5/17/2013 8/15/2013	1.500% 0.450%	2,100,000.00	2,100,000.00 1,400,000.00		-
Various Improvements	1611	8/27/2013	8/27/2013	8/27/2014	1.000%	-	1,500,000.00		1,500,000.00
Various Improvements	1617	8/27/2013	8/27/2013	8/27/2014	1.000%	-	1,900,000.00		1,900,000.00
Beach Replenishment	1624	8/27/2013	8/27/2013	8/27/2014	1.000%	-	3,100,000.00		3,100,000.00
8th Street Field	1628	8/27/2013	8/27/2013	8/27/2014	1.000%	-	2,850,000.00		2,850,000.00
						\$ 11,475,000.00	15,750,000.00	14,375,000.00	12,850,000.00

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

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
1519/1600	Various Capital Improvements	\$ 20,000.00	-	-	-	20,000.00
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	-	3,500,000.00	-	150,000.00
1580	Storm Drainage Improvements and the Replenishment of the Beach	931,250.00	-	-	-	931,250.00
1611	Various Capital Improvements	2,413,000.00	-	2,100,000.00	-	313,000.00
1617	Various Capital Improvements	1,900,000.00	-	1,900,000.00	-	-
1624	Beach Replenishment	-	3,325,000.00	3,100,000.00	-	225,000.00
1628	8th Street Field	-	2,850,000.00	2,850,000.00	-	-
		<u>\$ 9,684,637.00</u>	<u>6,175,000.00</u>	<u>13,475,000.00</u>	<u>318,387.00</u>	<u>2,066,250.00</u>
		\$	-	-	New Notes Issued	
			-	-	USDA Bonds Issued	
				318,387.00	USDA Grant	
				13,475,000.00	Record Bond Sale (Excess over BANS)	
				<u>\$ 13,793,387.00</u>		

See Accompanying Auditor's Report

**PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Trust Fund I</u>	
Balance December 31, 2012	\$ 2,836.09	
Increased By Receipts:		
Interest Earned on Deposits	\$ <u>11.36</u>	<u>11.36</u>
		2,847.45
Balance December 31, 2013	\$ <u>2,847.45</u>	

See Accompanying Auditor's Report

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

	<u>Trust Fund I</u>	
Balance December 31, 2013	\$ 2,847.45	
Increased By Receipts:		
Interest	\$ 3.75	
	<u>2,851.20</u>	
Balance April 30, 2014	\$ <u>2,851.20</u>	
Reconciliation April 30, 2014		
Balance on Deposit per Statement:		
Crest Savings	\$ 2,851.20	
Book Balance	\$ <u>2,851.20</u>	

See Accompanying Auditor's Report

**PUBLIC ASSISTANCE FUND  
SCHEDULE OF REVENUES**

		Trust Fund I
Interest Earned	\$	11.36
Total Revenues (PATF)		11.36
Total Receipts	\$	11.36



**CITY OF NORTH WILDWOOD**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2013**



## **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." Effective January 1, 2011, the bid threshold was \$17,500. Pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$36,000 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$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.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

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.

### **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 on January 2, 2013 authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the City Council of the City of North Wildwood, in the County of Cape May that pursuant to N.J.S.A. 54:4-67, the following interest rates be and are hereby fixed for property taxes and other municipal claims, which may be or may hereafter become delinquent, at 8% per annum on the first \$1,500.00 of the aggregate delinquency and 18% per annum on any amount in excess of \$1,500.00 of the aggregate delinquency.

**BE IT FURTHER RESOLVED** that there be accorded to the taxpayer a ten (10) day grace period for the payment of property taxes from the date when due, after which the payments on said municipal assessments shall become delinquent and interest payable there under as fixed by this resolution shall be calculated from the due date of said municipal claims and assessments.

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, 2013 and was complete.

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

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

<u>Year</u>	<u>Number</u>
2013	4
2012	3
2011	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.

### **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 2013 and 2014 Taxes	10
Delinquent Taxes	5
Current Water and Sewer Utility Rents	10
Delinquent Water and Sewer Rents	5
Total	<u>30</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

### **Comparison of Tax Levies and Collections Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2013 \$	29,609,885.99	29,363,394.62	99.17%
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%
2009	29,031,483.44	28,594,761.13	98.50%

{This space intentionally left blank}

## Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 1.078	1.074	1.072	0.845	0.816
Apportionment of Tax Rate:					
Municipal	0.612	0.612	0.6	0.472	0.45
County	0.246	0.238	0.24	0.187	0.185
Local School	0.22	0.224	0.232	0.186	0.181
Assessed Valuation	2,726,654,433	2,737,383,216	2,752,506,108	3,504,353,878	3,549,103,312

## Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2013 \$	776.61	415,281.22	416,057.83	1.41%
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%
2009	488.01	15,362.72	15,850.73	0.05%

## Uniform Construction Code

The City of North Wildwood construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

## Deposit of Municipal Funds

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

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

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

Our examination revealed that municipal funds were deposited within the mandated time with some minor exceptions.

{This space intentionally left blank}

**\* Finding #2013-1:**

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 or approving the disposal via resolution. Also, several assets were not tagged during our review of fixed assets. Lastly, the City purchased land property in 2013; however, it was not added to Edmunds.

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.

Management Response:

The City is in the process of completing a full appraisal of all City assets above the \$1,000 threshold. Expected completion should be in the early summer of 2014.

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

**Finding #2013-2:**

2013 Temporary Budget was not calculated correctly.

Criteria:

State Statute 40A:4-19 requires that all Municipalities and Counties by Resolution within the first 30 days of the fiscal year to approve temporary appropriations. The total of the appropriations shall not exceed 26.25% of the total of the appropriations for the preceding fiscal year ended excluding appropriations made for interest and debt redemptions charges, capital improvement fund and public assistance.

Condition:

The City approved via Resolution the same amount that was approved in the 2012 Temporary Budget.

Cause:

The totals were not footed on the worksheet.

Effect:

The City was not in compliance with the State Statute.

Recommendation:

We recommend that the City recalculate the Temporary Budget prior to approving through Resolution.

Management Response:

The City has corrected the worksheet in 2014 in the calculation of the 2014 Temporary Budget.

**Finding #2013-3:**

Not all eligible vendors received a 1099's in 2013.

Criteria:

The Internal Revenue Service requires that you file a 1099-Misc for each person to whom you have paid during the year at least \$600.00 in rents, services, prizes, awards, other income payments, medical and health care payments, crop insurance proceeds, cash payments for fish (of other aquatic life) you purchase from anyone engaged in the trade or business of catching fish, or generally, the cash paid from a notional principal contract to an individual, partnership, or estate. Also, gross proceeds of \$600.00 or more paid to an attorney during the year.

Condition:

The City did not issue 1099's to all eligible vendors in 2013.

Cause:

The City's Vendor file in Edmunds was not properly maintained during 2013 to identify all vendors required to receive a 1099.

Effect:

The City was not in compliance with the IRS requirement.

Recommendation:

We recommend that the City periodically review the vendor file throughout the year to determine if all eligible vendors are properly coded in Edmunds.

Management Response:

The City is in the process of reviewing their vendor file to make the necessary changes so that all eligible vendors are coded correctly.

**Finding #2013-4:**

The Municipal court did not turn over funds to the City in a timely manner.

Criteria:

As required by the New Jersey Courts, Rule 7:14-4, the Municipal Court shall forward over Fines and Costs due to the Municipality on or before the 15<sup>th</sup> day of the following month.

Condition:

The Court had three months where the fines and costs were not turned over to the Municipality by the 15<sup>th</sup> day of the following month.

Cause:

The money was not turned over in a timely manner.

Effect:

The City was not in compliance with this rule.

Recommendation:

We recommend that the Municipal Court Administrator confirm with the City's CFO that the Funds are turned over prior to the 15<sup>th</sup> day of the following month.

Management Response:

The City has since seemed to have corrected this problem as noted in the timeliness of the turnover of funds in the months of September through December 2013.

**Finding #2013-5:**

Some amounts contributed for Health Care contributions were not correctly calculated on a few employees.

Criteria:

The State of New Jersey requires all employees utilizing the Municipalities Health Care benefits contribute according the guidelines established under the Pension and Health Benefits Reform of 2011.

Condition:

The City did not properly calculate the deduction for health benefits for three employees.

Cause:

The correct rate was not used in determining their health contribution amount.

Effect:

The City was not in compliance with the State of New Jersey's requirement.

Recommendation:

We recommend that the City periodically review each employee's contribution amount whenever there is a change in salary, coverage, contribution rate, and health care premiums.

Management Response:

The City will review each employee's contribution amount periodically to verify that the correct amount is being deducted from each pay.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding #2012-1:**

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.

Current Status

This recommendation was not cleared in 2013.

Corrective Action to be taken

The Chief Financial Officer requested that a full appraisal be completed of all City Assets over the \$1,000.

{This space intentionally left blank}



The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

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

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

**June 20, 2014**

