

**CITY OF NORTH WILDWOOD
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2015**

CITY OF NORTH WILDWOOD
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CITY OF NORTH WILDWOOD

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of North Wildwood, as of December 31, 2015 and 2014, 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, 2015, 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, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 22 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$392,679.62 and \$389,114.77, for 2015 and 2014 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2015 and 2014, 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, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2016 on our consideration of the City of North Wildwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Wildwood's internal control over financial reporting and compliance.

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

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

Leon P. Costello

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

June 17, 2016

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**EXHIBIT - A
CURRENT FUND**

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

	2015	2014
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 9,807,111.54	7,708,685.30
Cash - Change	1,350.00	1,350.00
Total Cash	9,808,461.54	7,710,035.30
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	186.98	3,045.20
Total Other Receivables	186.98	3,045.20
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	451,978.30	421,667.80
Tax Title and Other Liens	267,856.05	4,090.16
Revenue Accounts Receivable	392,309.67	358,944.80
Interfund Receivable:		
Trust - Assessment	368.36	304.95
Trust - Other	18,264.39	15,031.05
Animal Control	1,464.20	1,268.80
Grant Fund	-	-
Total Receivables and Other Assets	1,132,240.97	801,307.56
Deferred Charges:		
Emergency Appropriation	-	850,000.00
Special Emergency Appropriation	300,000.00	20,000.00
Total Deferred Charges	300,000.00	870,000.00
Total Regular Fund	11,240,889.49	9,384,388.06
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	1,398,039.55	1,138,543.55
Due from Current Fund	169,750.83	92,452.19
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	-	-
Total Federal and State Grant Fund	1,651,319.76	1,314,525.12
Total Current Fund	\$ 12,892,209.25	10,698,913.18

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,580,160.86	1,667,258.60
Reserve for Encumbrances	155,522.53	172,894.57
Prepaid Taxes	815,283.16	802,621.11
Overpaid Taxes	2,999.94	14,904.72
Sewer Rent Overpayments	19,649.26	19,649.26
Local School Tax Payable	829,672.30	676,316.50
County Added Tax Payable	6,564.73	7,625.94
Special District Tax Payable	257.83	257.83
Due to State:		
Marriage Licenses	100.00	175.00
Interfund Payable:		
Federal and State Grant Fund	169,750.83	92,452.19
Trust - Other	424.00	424.00
Tourism	162.00	162.00
GWTIDA	421,400.00	25,387.60
Other		
Payroll Taxes Payable	114,529.82	8,884.91
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	268,247.28	266,149.13
	<u>4,514,244.04</u>	<u>3,884,682.86</u>
Reserve for Receivables and Other Assets	1,132,240.97	801,307.56
Fund Balance	<u>5,594,404.48</u>	<u>4,698,397.64</u>
Total Regular Fund	<u>11,240,889.49</u>	<u>9,384,388.06</u>
Federal and State Grant Fund:		
Unappropriated Reserves	63,332.05	80,331.96
Appropriated Reserves	1,540,593.61	1,211,115.70
Encumbrances Payable	47,394.10	23,077.46
Total Federal and State Grant Fund	<u>1,651,319.76</u>	<u>1,314,525.12</u>
Total Current Fund	<u>\$ 12,892,209.25</u>	<u>10,698,913.18</u>

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

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 2,560,000.00	2,500,000.00
Miscellaneous Revenue Anticipated	8,857,128.65	7,442,480.33
Receipts from Delinquent Taxes	3,263.26	168.68
Receipts from Current Taxes	30,314,195.55	29,779,366.54
Non Budget Revenue	739,023.01	420,007.71
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,619,813.80	1,023,841.33
Interfund Returned	-	122,860.73
Total Income	<u>44,093,424.27</u>	<u>41,288,725.32</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,165,030.98	7,961,866.34
Other Expenses	8,181,038.48	7,613,671.52
Deferred Charges & Statutory Expenditures	1,521,187.00	1,563,415.37
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	4,552,955.85	3,845,334.18
Capital Improvements	150,000.00	150,000.00
Debt Service	4,763,185.30	4,293,413.99
Deferred Charges	470,000.00	20,000.00
Judgements	-	850,000.00
Local District School Tax	6,575,254.00	6,312,709.00
County Tax	6,374,852.78	6,555,459.81
County Share of Added Tax	6,564.73	7,625.94
Interfund Created	3,296.75	2,523.46
Refund of Prior Year's Revenue	119,051.56	-
Refund of Prior Year's Revenue - Taxes	-	33,596.50
Other:		
Special District Taxes	55,000.00	55,000.00
Grant Balances Cancelled, Net	-	102,758.22
Total Expenditures	<u>40,937,417.43</u>	<u>39,367,374.33</u>
Excess/(Deficit) in Revenue	<u>3,156,006.84</u>	<u>1,921,350.99</u>

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

	2015	2014
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	300,000.00	850,000.00
Emergency Appropriation		
Total Adjustments	300,000.00	850,000.00
Statutory Excess to Fund Balance	3,456,006.84	2,771,350.99
Fund Balance January 1	4,698,397.64	4,427,046.65
	8,154,404.48	7,198,397.64
Decreased by:		
Utilization as Anticipated Revenue	2,560,000.00	2,500,000.00
Fund Balance December 31	\$ 5,594,404.48	4,698,397.64

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,560,000.00	-	-
Total Fund Balance Anticipated	2,560,000.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	50,000.00	-	9,100.00
Other	150,000.00	-	(1,572.00)
Fees and Permits	260,000.00	-	121,480.68
Fines and Costs:			
Municipal Court	530,000.00	-	(11,368.75)
Interest and Costs on Taxes	85,000.00	-	(12,748.33)
Interest Earned on Investments	45,000.00	-	5,859.83
Parking Meters	800,000.00	-	98,654.02
Emergency Rescue Services	230,000.00	-	(9,366.72)
Fire Inspector Fees	150,000.00	-	20,945.00
Sewer Rents	3,900,000.00	-	188,358.80
Tram Car Lease	30,000.00	-	5,425.17
Rental of City Property	85,000.00	-	11,895.00
Total Section A: Local Revenues	6,315,000.00	-	426,662.70
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	442,027.00	-	442,027.00
Total Section B: State Aid Without Offsetting Appropriations	442,027.00	-	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, 2015

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Drunk Driving Enforcement Fund	24,109.53	-	-
Clean Communities Program	30,173.40	-	-
Office of Emergency Management - EMAA Grant	-	5,000.00	-
Small Cities - Block Grant - Allen Park	-	400,000.00	-
Small Cities - Block Grant - Beach Access/Curbs	-	400,000.00	-
NJ Department of Transportation	-	175,000.00	-
COPS in Shops	3,808.92	-	-
Total Section F: Special Items - Public and Private Programs	58,091.85	980,000.00	-
Section G: Other Special Items			
Uniform Fire Safety Act	10,000.00	-	5,288.01
1.85% Beach Maintenance	266,149.13	-	-
Capital Surplus	64,214.96	-	-
County Proceeds to Pay Debt Service for Open Space Acquisition	290,000.00	-	(305.00)
Total Section G: Other Special Items	630,364.09	-	4,983.01
Total Miscellaneous Revenues:	7,445,482.94	980,000.00	431,645.71
Receipts from Delinquent Taxes	-	-	3,263.26

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, 2015**

	Anticipated		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	17,337,714.92	-	470,743.92
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>17,337,714.92</u>	<u>-</u>	<u>470,743.92</u>
Budget Totals	<u>27,343,197.86</u>	<u>980,000.00</u>	<u>905,652.89</u>
Non- Budget Revenues:			
Other Non- Budget Revenues:	-	-	739,023.01
	<u>27,343,197.86</u>	<u>980,000.00</u>	<u>1,644,675.90</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, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration	\$ 77,500.29	77,500.29	77,241.59	-	258.70	-
Salaries and Wages	193,900.00	193,900.00	150,881.23	22,981.90	20,036.87	-
Other Expenses						
Mayor and Council	104,787.59	104,787.59	104,787.54	-	0.05	-
Salaries and Wages	7,000.00	7,000.00	2,153.46	-	4,846.54	-
Other Expenses						
City Clerk	168,713.32	168,713.32	167,376.84	-	1,336.48	-
Salaries and Wages	66,000.00	66,000.00	71,779.85	2,934.01	3,286.14	-
Other Expenses						
Financial Administration	129,298.40	129,298.40	122,424.29	-	6,874.11	-
Salaries and Wages	63,601.70	63,601.70	41,377.01	150.00	10,074.69	-
Other Expenses						
Ambulance Billing Administration Fee	24,000.00	24,000.00	16,454.19	-	7,545.81	-
Other Expenses						
Audit Services	44,000.00	44,000.00	44,000.00	-	-	-
Other Expenses						
Assessment of Taxes	29,509.60	29,509.60	28,368.58	-	1,141.02	-
Salaries and Wages	115,100.00	115,100.00	219,931.85	2,830.00	192,338.15	-
Other Expenses						
Collection of Taxes	207,175.12	207,175.12	207,175.12	-	-	-
Salaries and Wages	27,500.00	27,500.00	24,320.67	1,911.57	1,267.76	-
Other Expenses						
Legal Services	225,000.00	225,000.00	193,850.24	25,345.83	5,803.93	-
Other Expenses						
Engineering Services	230,000.00	230,000.00	135,074.16	38.35	94,887.49	-
Other Expenses						
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	19,907.00	19,907.00	19,745.00	-	162.00	-
Other Expenses	25,000.00	25,000.00	11,372.56	514.32	13,113.12	-
Zoning Board of Adjustment						
Salaries and Wages	36,976.77	36,976.77	36,679.91	-	296.86	-
Other Expenses	24,500.00	24,500.00	13,655.46	450.00	10,394.54	-
Other Expenses						
INSURANCE						
General Liability	474,282.00	474,282.00	469,568.00	2,275.00	2,439.00	-
Workers Compensation Insurance	233,923.00	233,923.00	233,923.00	-	-	-
Employee Group Health	2,714,380.32	2,714,380.32	2,231,857.82	-	482,522.50	-
Health Benefits Waiver						
Salaries and Wages	4,000.00	4,000.00	2,000.00	-	2,000.00	-

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, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY						
Fire						
Salaries and Wages	1,293,480.07	1,343,480.07	1,314,292.46	-	29,187.61	-
Other Expenses	94,100.00	94,100.00	74,728.71	7,218.70	12,152.59	-
Fire Safety Act						
Salaries and Wages	120,010.13	120,010.13	118,144.20	-	1,865.93	-
Other Expenses	25,500.00	25,500.00	14,406.59	1,318.62	9,774.79	-
Aid to Volunteer Fire Company						
Other Expenses	80,000.00	80,000.00	76,650.00	-	3,350.00	-
Police						
Salaries and Wages	3,280,576.78	3,230,576.78	3,069,337.47	-	161,239.31	-
Other Expenses	291,432.46	291,432.46	271,773.99	14,958.10	4,700.37	-
Emergency Management Services						
Salaries and Wages	19,283.56	19,283.56	15,017.33	-	4,266.23	-
Other Expenses	18,400.00	18,400.00	12,437.18	3,427.00	2,535.82	-
Municipal Court						
Salaries and Wages	206,527.34	206,527.34	180,962.39	-	25,564.95	-
Other Expenses	18,982.00	18,982.00	15,967.27	1,165.46	1,849.27	-
Municipal Prosecutor						
Other Expenses	30,200.00	30,200.00	30,199.92	-	0.08	-
Public Defender						
Other Expenses	9,000.00	9,000.00	9,000.00	-	-	-
PUBLIC WORKS						
Public Works Department						
Salaries and Wages	1,113,547.82	1,088,547.82	1,069,351.88	-	19,195.94	-
Other Expenses	476,300.00	501,300.00	451,695.82	41,207.84	8,396.34	-
Garbage and Trash						
Other Expenses	500,000.00	500,000.00	491,563.60	-	8,436.40	-
Public Buildings and Grounds						
Salaries and Wages	414,145.10	414,145.10	389,775.66	-	24,369.44	-
Other Expenses	245,340.00	245,340.00	141,009.94	21,445.90	82,884.16	-
HEALTH AND HUMAN SERVICES						
Dog Regulation						
Other Expenses	33,847.00	33,847.00	33,518.70	-	328.30	-
PARKS AND RECREATION						
Lifeguards						
Salaries and Wages	535,635.31	535,635.31	531,208.28	-	4,427.03	-
Other Expenses	63,100.00	63,100.00	58,263.72	3,142.20	1,694.08	-
Recreation Center						
Salaries and Wages	345,619.40	345,619.40	344,487.57	-	1,131.83	-
Other Expenses	49,900.00	49,900.00	41,001.92	635.00	8,263.08	-

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, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official	78,337.38	78,337.38	77,687.45	-	649.93	-
Salaries and Wages	11,950.00	11,950.00	7,182.18	-	4,767.82	-
Other Expenses						
UNCLASSIFIED						
Celebration of Public Events, Anniversary etc.						
Salaries and Wages	9,000.00	9,000.00	5,304.75	-	3,695.25	-
Other Expenses	93,300.00	93,300.00	81,319.03	833.00	11,147.97	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	160,000.00	185,000.00	184,660.43	-	339.57	-
Street Lighting	248,000.00	248,000.00	246,842.04	-	1,157.96	-
Telephone	140,000.00	130,000.00	111,147.06	-	18,852.94	-
Natural Gas	97,000.00	82,000.00	54,572.58	-	27,427.42	-
Water	120,000.00	120,000.00	115,674.28	739.73	3,585.99	-
Gasoline	240,000.00	240,000.00	182,138.41	-	57,861.59	-
Traffic Lights	27,000.00	27,000.00	27,000.00	-	-	-
Cape May County MUA - Tipping Fees	310,000.00	310,000.00	297,899.45	-	12,100.55	-
TOTAL OPERATIONS WITHIN "CAPS"	16,045,569.46	16,345,569.46	14,772,220.63	155,522.53	1,417,826.30	-
Contingent	500.00	500.00	-	-	500.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,046,069.46	16,346,069.46	14,772,220.63	155,522.53	1,418,326.30	-
Detail:						
Salaries and Wages	8,194,030.98	8,165,030.98	7,879,368.31	-	285,662.67	-
Other Expenses	7,856,038.48	8,181,038.48	6,892,852.32	155,522.53	1,132,663.63	-

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, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	333,310.00	333,310.00	333,310.00	-	-	-
Social Security System (O.A.S.I.)	440,000.00	440,000.00	408,536.27	-	31,463.73	-
Consolidated Police and Firemen's Pension Fund						
Police and Firemen's Retirement System	644,877.00	644,877.00	644,877.00	-	-	-
Unemployment Compensation Insurance	43,000.00	43,000.00	39,005.31	-	3,994.69	-
Lifeguard Pension	20,000.00	20,000.00	18,045.40	-	1,954.60	-
Retirement Reserve	39,000.00	39,000.00	-	-	39,000.00	-
Defined Contribution Retirement Program	1,000.00	1,000.00	866.68	-	133.32	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,521,187.00	1,521,187.00	1,444,640.66	-	76,546.34	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	17,567,256.46	17,867,256.46	16,216,861.29	155,522.53	1,494,872.64	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance: NJSA 40A:4-45.3						
Employee Group Health	-	-	-	-	-	-
Utilities Authority - Sewer Charges	3,468,324.00	3,468,324.00	3,385,884.00	-	82,440.00	-
Length of Service Award Program (LOSAP)	45,000.00	45,000.00	42,187.28	-	2,812.72	-
	3,513,324.00	3,513,324.00	3,428,071.28	-	85,252.72	-
(A) Public and Private Programs Off-Set by Revenues						
Drunk Driving Enforcement Fund	24,109.53	24,109.53	24,109.53	-	-	-
New Jersey DOT - Transportation Enhancement 15th Ave	-	175,000.00	175,000.00	-	-	-
Municipal Alliance						
Local Share	1,540.00	1,540.00	1,504.50	-	35.50	-
Clean Communities Program	30,173.40	30,173.40	30,173.40	-	-	-
Small Cities - Block Grant - Allen Park	-	400,000.00	400,000.00	-	-	-
Small Cities - Block Grant - Beach Access/Curbs	-	400,000.00	400,000.00	-	-	-
COPS in Shops	3,808.92	3,808.92	3,808.92	-	-	-
Office of Emergency Management - EMMA Grant	-	5,000.00	5,000.00	-	-	-
Total Public and Private Programs Off-Set by Revenues	59,631.85	1,039,631.85	1,039,596.35	-	35.50	-

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, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS" Detail:	3,572,955.85	4,552,955.85	4,467,667.63	-	85,288.22	-
Salaries and Wages	-	-	-	-	-	-
Other Expenses	3,572,955.85	4,552,955.85	4,467,667.63	-	85,288.22	-
(C) Capital Improvements Capital Improvement Fund	150,000.00	150,000.00	150,000.00	-	-	-
Total Capital Improvements	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service	2,620,000.00	2,620,000.00	2,620,000.00	-	-	-
Payment of Bond Principal	290,000.00	290,000.00	290,000.00	-	-	-
Payment of Bond Anticipation Notes	767,245.00	767,245.00	767,245.00	-	-	-
Interest on Bonds	114,804.17	114,804.17	114,804.14	-	-	0.03
Interest on Notes	-	-	-	-	-	-
Green Trust Loan Program:	7,461.98	7,461.98	7,461.98	-	-	-
Loan Repayments for Principal and Interest	42,634.00	42,634.00	42,634.00	-	-	-
USDA Bonds - Series 2000A	5,218.00	5,218.00	5,218.00	-	-	-
USDA Bonds - Series 2000B	31,078.00	31,078.00	31,078.00	-	-	-
USDA Bonds - Series 2004A	56,072.00	56,072.00	56,072.00	-	-	-
USDA Bonds - Series 2005A	196,076.00	196,076.00	196,076.00	-	-	-
USDA Bonds - Series 2010A	221,652.00	221,652.00	221,652.00	-	-	-
USDA Bonds - Series 2012A	45,353.40	45,353.40	42,590.00	-	-	2,763.40
USDA Bonds - Series 2015A	378,456.20	378,456.20	368,354.18	-	-	10,102.02
NJ/EIT Payments 2002 Issues	301,000.00	301,000.00	-	-	-	301,000.00
NJ/EIT Payments 2010 Issues	-	-	-	-	-	-
Total Debt Service	<u>5,077,050.75</u>	<u>5,077,050.75</u>	<u>4,763,185.30</u>	<u>-</u>	<u>-</u>	<u>313,865.45</u>
(E) Deferred Charges	-	-	-	-	-	-
Emergency Authorizations	20,000.00	20,000.00	20,000.00	-	-	-
Special Emergency Authorizations - 5 years Ordinance #1658	450,000.00	450,000.00	450,000.00	-	-	-
Total Deferred Charges	<u>470,000.00</u>	<u>470,000.00</u>	<u>470,000.00</u>	<u>-</u>	<u>-</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, 2015**

	Appropriations	Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget		Encumbered	Reserved		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	9,270,006.60	9,850,852.93	-	85,288.22		313,865.45
SUBTOTAL GENERAL APPROPRIATIONS	26,837,263.06	26,067,714.22	155,522.53	1,580,160.86		313,865.45
(M) Reserve for Uncollected Taxes	505,934.80	505,934.80	-	-		-
TOTAL GENERAL APPROPRIATIONS	\$ 27,343,197.86	26,573,649.02	155,522.53	1,580,160.86		313,865.45
Budget	27,343,197.86			Cancelled		313,865.45
Appropriations by 40A:4-87	980,000.00			Overexpended		-
Special Emergency Appropriation (5 years)	300,000.00					
Emergency Appropriations	<u>28,623,197.86</u>					<u>313,865.45</u>
Reserve for Uncollected Taxes		505,934.80				
Federal and State Grants		1,038,091.85				
Deferred Charges		20,000.00				
Capital Improvement Fund Disbursements		-				
		25,009,622.37				
		<u>26,573,649.02</u>				

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

EXHIBIT - B
TRUST FUND

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

	2015	2014
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	\$ 15,885.62	\$ 15,822.21
Assessments Receivable	3,218.35	3,218.35
	19,103.97	19,040.56
<u>Animal Control Fund</u>		
Cash and Investments	1,970.00	1,694.00
	1,970.00	1,694.00
<u>Length of Service Award Programs (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	392,679.62	389,114.77
Employer Contribution Receivable	2,812.72	3,484.04
	395,492.34	392,598.81
<u>Other Funds</u>		
Cash and Investments	2,468,943.91	2,156,456.98
Due from Current Fund	424.00	424.00
	2,469,367.91	2,156,880.98
	\$ 2,885,934.22	\$ 2,570,214.35

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,**

	2015	2014
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	\$ 3,218.35	\$ 3,218.35
Fund Balance	15,517.26	15,517.26
Due to Current Fund	368.36	304.95
	19,103.97	19,040.56
<u>Animal Control Fund</u>		
Reserve for Dog Expenditures	498.00	424.00
Due to Current Fund	1,464.20	1,268.80
Due to State of New Jersey	7.80	1.20
	1,970.00	1,694.00
<u>Length of Service Award Programs (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	395,492.34	392,598.81
<u>Other Funds</u>		
Deposits for Redemption of Tax Sale Certificates	30,563.58	77,852.55
Premiums Received at Tax Sale	793,783.26	736,983.26
Due to Current Fund	18,264.39	15,031.05
Due to Grant Fund	78,893.35	78,893.35
Reserve for Tourism Development	27,565.78	34,785.48
Reserve for Recreation	78,836.84	10,904.21
Reserve for Parking Offenses Adjudication Act	25,841.07	23,221.07
Reserve for Public Defender	11,514.52	10,664.52
Reserve for Municipal Alliance	16,969.91	12,820.30
Reserve for Lighthouse Trust	1,127.49	1,127.49
Reserve for D.A.R.E.	1,352.66	1,476.43
Reserve for Disposal of Forfeited Property	9,082.57	6,582.57
Reserve for Flex Savings	375.40	375.40
Reserve for Off Duty Police	2,618.34	2,618.34
Reserve for Recreation - Junior Lifeguards	3,087.00	1,491.00
Reserve for Lifeguard Pension	284,298.42	293,789.47
Reserve for Fire Prevention	55,737.39	17,562.58
Reserve for Small Cities Escrow	39,862.08	2,093.81
Reserve for Municipal Parking Improvements	8,087.56	63.82
Reserve for Developers' Escrow	344,377.38	326,514.91
Reserve for UEZ 2nd Generation Funds	15,000.00	15,000.00
Reserve for Memorials/Beautification Enhancement	98,945.52	118,000.57
Reserve for UCC Third Party	523,183.40	369,028.80
	2,469,367.91	2,156,880.98
	\$ 2,885,934.22	\$ 2,570,214.35

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>2015</u>	<u>2014</u>
Cash	\$ 277,174.76	1,228,032.12
Deferred Charges to Future Taxation -		
Funded	34,207,108.61	35,092,780.08
Unfunded	22,713,638.17	24,778,638.17
	<u>57,197,921.54</u>	<u>61,099,450.37</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	633,776.44	2,126,748.01
Interfunds:		
Due to Federal & State Grant Fund	4,636.03	4,636.03
Bond Anticipation Notes Payable	9,610,000.00	10,000,000.00
Serial Bonds Payable	20,520,000.00	23,140,000.00
Wastewater Treatment Trust Bonds	995,000.00	1,170,000.00
Wastewater Treatment Trust Loan	658,544.27	803,837.97
Green Trust Loan Payable	64,270.10	70,355.25
U.S.D.A. Bonds Payable	11,969,294.24	9,908,586.86
Improvement Authorizations:		
Funded	270,696.91	710,668.73
Unfunded	10,462,556.77	12,091,400.04
Reserve for Debt Service	1,201,792.78	33,365.52
Reserve for Debt Service - USDA	-	360,507.00
Capital Improvement Fund	210,130.00	135,130.00
Fund Balance	597,224.00	544,214.96
	<u>\$ 57,197,921.54</u>	<u>61,099,450.37</u>

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

2014	14,778,638.17
2015	13,103,638.17

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

	<u>2015</u>	<u>2014</u>
Beginning Balance January 1	\$ 544,214.96	509,751.07
Increased by:		
Premiums on sale of Bonds & Notes	117,224.00	33,425.00
Cancellation of Improvement Authorizations	-	601,038.89
Decreased by:		
Funding Improvement Authorization - 1648	-	600,000.00
2015 Budget - Capital Surplus	64,214.96	-
Ending Balance December 31	<u>\$ 597,224.00</u>	<u>544,214.96</u>

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	2015	2014
<u>Assets</u>		
Cash Trust I	\$ -	\$ 2,858.87
	\$ -	\$ 2,858.87
<u>Liabilities and Reserves</u>		
Reserve for Public Assistance	-	2,858.87
	\$ -	\$ 2,858.87

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

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EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets</u>		
Land and Land Improvements	\$ 99,085,966.00	\$ 100,522,662.00
Buildings	18,570,753.00	18,229,057.00
Machinery and Equipment	7,132,450.00	6,591,214.00
	<u>\$ 124,789,169.00</u>	<u>\$ 125,342,933.00</u>
 Investment in General Fixed Assets	 \$ 124,789,169.00	 \$ 125,342,933.00
	<u>\$ 124,789,169.00</u>	<u>\$ 125,342,933.00</u>

The Accompanying Notes to the Financial Statements are an
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NOTES TO THE FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(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, 2015 AND 2014
(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 Sewer 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 Sewer 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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

F. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the City is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the City's financial reporting.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$505,934.80 and \$510,018.14. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$2,560,000.00 and \$2,500,000.00

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 2015 and 2014 calendar years:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Administration		
Other Expenses	-	14,385
Municipal Clerk		
Salaries and Wages	-	(6,500)
Other Expenses	12,000	-
Financial Administration		
Salaries and Wages	-	(6,500)
Other Expenses	(12,000)	
Public Works		
Salaries and Wages	(25,000)	-
Other Expenses	25,000	-
Fire		
Salaries and Wages	50,000	-
Other Expenses	-	8,615
Police		
Salaries and Wages	(50,000)	-
Lifeguard		
Salaries and Wages	-	(10,000)
Electricity	25,000	
Telephone	(10,000)	
Natural Gas	(15,000)	

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 2015 and 2014, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Ttitle DCA - Small Cities Block Grant - Allen Park, Ramps	\$ 400,000.00	\$ -
Ttitle DCA - Small Cities Block Grant - Curbs, beach acces	400,000.00	
NJDOT Municipal Aid Program	175,000.00	172,000.00
Body Armor Fund	-	2,946.19
Office of Emergency Management - EMMA Grant	5,000.00	5,000.00

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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. The City approved an Emergency Appropriation in 2014 for \$850,000.00 that was raised in the 2015 Budget. The Emergency was for a Judgment against the City pertaining to Tax Liens.

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 2015 for \$300,000.00. The emergency was for a revaluation in the entity. The unfunded balance as of December 31, 2015 was \$300,000.00.

NOTE 3: INVESTMENTS

As of December 31, 2015 and 2014, 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, 2015 and 2014 amounted to \$392,679.62 and \$389,114.77, respectively.

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, 2015 and 2014, \$1,908,515.05 of the municipality's bank balance of \$12,479,488.39 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Land	\$ 5,406,100.00	95,116,562.00	-	100,522,662.00
Building	3,077,445.90	15,151,611.10	-	18,229,057.00
Equipment and Machinery	7,683,868.94	(1,092,654.94)	-	6,591,214.00
	<u>\$ 16,167,414.84</u>	<u>109,175,518.16</u>	<u>-</u>	<u>125,342,933.00</u>

	Balance 12/31/2014	Additions	Adjustments/ Retirements	Balance 12/31/2015
Land	\$ 100,522,662.00	1,388,015.00	2,824,711.00	99,085,966.00
Building	18,229,057.00	310,898.00	(30,798.00)	18,570,753.00
Equipment and Machinery	6,591,214.00	729,667.00	188,431.00	7,132,450.00
	<u>\$ 125,342,933.00</u>	<u>2,428,580.00</u>	<u>2,982,344.00</u>	<u>124,789,169.00</u>

Note that the City of North Wildwood contracted with TAG Consulting Group to complete a full appraisal of the City's capital assets which were valued at \$1,000.00 or more as of December 31, 2014. As a result, a significant adjustment was noted above in 2014. TAG Consulting Group has also been contracted to maintain the City's fixed asset ledger each year.

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable:				
General	<u>\$ 12,850,000.00</u>	<u>10,000,000.00</u>	<u>12,850,000.00</u>	<u>10,000,000.00</u>
	\$ 12,850,000.00	10,000,000.00	12,850,000.00	10,000,000.00
	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General	<u>\$ 10,000,000.00</u>	<u>9,610,000.00</u>	<u>10,000,000.00</u>	<u>9,610,000.00</u>
	\$ 10,000,000.00	9,610,000.00	10,000,000.00	9,610,000.00

There was one note issued by the City of North Wildwood in the amount of \$9,610,000.00 on 08/25/15 and is due and payable on 08/25/16 with interest at 2.00%. As of December 31, 2015 the entity has authorized but not issued bonds in the amount of \$13,103,638.17 in the General Capital Fund.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ 36,942,333.91	-	2,723,747.05	34,218,586.86	2,795,000.00
Total	<u>\$ 36,942,333.91</u>	<u>-</u>	<u>2,723,747.05</u>	<u>34,218,586.86</u>	<u>2,795,000.00</u>
Other liabilities:					
Loans Payable	\$ 1,033,646.42	-	159,453.20	874,193.22	151,378.85
Compensated					
Absences Payable	<u>596,856.83</u>	<u>50,843.11</u>	<u>-</u>	<u>647,699.94</u>	<u>-</u>
Total long-term liabilities	<u>\$ 38,572,837.16</u>	<u>50,843.11</u>	<u>2,883,200.25</u>	<u>35,740,480.02</u>	<u>2,946,378.85</u>
	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within * One Year
Bonds payable:					
General	\$34,218,586.86	2,238,000.00	2,972,292.62	33,484,294.24	3,020,000.00
Total	<u>\$34,218,586.86</u>	<u>2,238,000.00</u>	<u>2,972,292.62</u>	<u>33,484,294.24</u>	<u>3,020,000.00</u>
Other liabilities:					
Loans Payable	\$ 874,193.22	-	151,378.85	722,814.37	98,994.05
Compensated					
Absences Payable	<u>647,699.94</u>	<u>86,101.83</u>	<u>103,357.07</u>	<u>630,444.70</u>	<u>-</u>
Total long-term liabilities	<u>\$35,740,480.02</u>	<u>2,324,101.83</u>	<u>3,227,028.54</u>	<u>34,837,553.31</u>	<u>3,118,994.05</u>

*Excludes USDA Bonds Payable

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

At December 31, 2015, 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, 2015 is \$2,180,000.00.

\$13,630,000.00 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, 2015 is \$8,200,000.00.

\$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, 2015 is \$10,140,000.00.

\$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, 2015 is \$165,000.00.

\$1,745,000.00 New Jersey Wastewater Treatment Trust Bonds dated October 15, 2002, due in annual installments through August 1, 2022, bearing interest at various rates. The balance remaining as of December 31, 2015 is \$830,000.00.

\$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, 2015 is \$658,544.27.

\$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, 2015 is \$64,270.10.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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, 2015, is \$461,066.25.

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, 2015, is \$56,374.34.

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, 2015, is \$500,351.15.

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, 2015, is \$722,585.14.

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, 2015, is \$3,650,639.01.

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 commenced in 2012. The balance remaining at December 31, 2015, is \$4,357,483.90.

On March 11, 2015, the City issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2015A, were issued in the amount of \$2,238,000.00 with an interest rate of 2.25%. Principal and interest on the bonds are to be paid semiannually on March 11 and September 11 in the amount of \$42,590.00 for eighty (80) equal payments, with all outstanding principal and all accrued and unpaid interest due on September 11, 2055. Payment of principal and interest commenced in 2015. The balance remaining at December 31, 2015, is \$2,220,794.45.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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>
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	2,500,000.00	435,137.50
2020	2,505,000.00	340,937.50
2021-2025	7,365,000.00	668,450.00
	<u>\$ 21,515,000.00</u>	<u>3,373,207.50</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).

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	98,994.05	1,254.52
2017	99,118.83	1,129.74
2018	102,368.29	1,002.47
2019	102,005.15	872.63
2020	101,480.30	740.18
2020-2024	215,153.69	1,582.25
2025-2028	3,694.06	36.94
	<u>722,814.37</u>	<u>6,618.73</u>

As of December 31, 2015 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 \$882,049.14.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
Serial Bonds Payable	\$ 20,520,000.00	\$ 23,140,000.00	\$ 25,540,000.00
Notes Payable	9,610,000.00	10,000,000.00	12,850,000.00
NJEIT Bonds Payable	995,000.00	1,170,000.00	1,340,000.00
NJEIT Loans Payable	658,544.27	803,837.97	957,325.92
U.S.D.A. Loans Payable	11,969,294.24	9,908,586.86	10,062,333.91
Green Trust Loans Payable	64,270.10	70,355.25	76,320.50
Total Issued	<u>43,817,108.61</u>	<u>45,092,780.08</u>	<u>50,825,980.33</u>
<u>Less :</u>			
Funds Temporarily Held to Pay Bonds and Notes			
General	\$ 1,201,792.78	393,872.52	13,460.62
Total Deductions :	<u>1,201,792.78</u>	<u>393,872.52</u>	<u>13,460.62</u>
Net Debt Issued :	<u>42,615,315.83</u>	<u>44,698,907.56</u>	<u>50,812,519.71</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	\$ 13,103,638.17	14,778,638.17	2,066,250.00
Total Authorized But Not Issued	<u>13,103,638.17</u>	<u>14,778,638.17</u>	<u>2,066,250.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 55,718,954.00</u>	<u>\$ 59,477,545.73</u>	<u>\$ 52,878,769.71</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.935%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 730,000.00	730,000.00	-
General Debt	56,920,746.78	1,201,792.78	55,718,954.00
	<u>\$ 57,650,746.78</u>	<u>\$ 1,931,792.78</u>	<u>\$ 55,718,954.00</u>

Net Debt \$55,718,954.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,571,726,382.00 = 2.167%.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	90,010,423.00
Net Debt		55,718,954.00
Remaining Borrowing Power	\$	<u>34,291,469.00</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, 2015 and 2014, which were appropriated and included as anticipated revenue in the current fund for the year ending December 31, 2016 and 2015 were as follows:

		<u>2016</u>	<u>2015</u>
Current Fund	\$	2,800,000.00	2,560,000.00

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, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2015</u>	<u>2016 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation	\$ 300,000.00	60,000.00	240,000.00
	<u>300,000.00</u>	<u>60,000.00</u>	<u>240,000.00</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:

	<u>12/31/2015</u>	<u>12/31/2014</u>
Balance of Tax	\$ 829,672.30	\$ 676,316.50
Deferred	2,479,787.50	2,479,787.50
Tax Payable	<u>\$ 3,309,459.80</u>	<u>\$ 3,156,104.00</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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 12/31/15	Balance 12/31/14
Prepaid Taxes	\$ 815,283.16	\$ 802,621.11
Cash Liability for Taxes Collected in Advance	<u>\$ 815,283.16</u>	<u>\$ 802,621.11</u>

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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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 6.92% through June 30, 2014 and 7.06% 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 12.17% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$333,310.00, \$311,064.74, and \$321,882.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 22.19% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were \$644,877.00, \$607,955.00, and \$722,023.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$7,873,856.64, \$7,432,879.78, and \$7,709,591.85. Payroll covered by PFRS was \$2,905,725.00, \$2,561,680.00, and \$2,641,249.00. Payroll covered by PERS was \$2,738,529.00, \$2,684,413.00, and \$2,739,539.00.

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, 2015, 2014, and 2013 was \$20,000.00, \$20,000.00, and \$45,000.00. The City's trust for the Lifeguard Pension at December 31, 2015 was \$284,298.42. Currently there are nine individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2015, 2014 and 2013 were \$46,710.46, \$42,606.33, and \$35,966.38.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

Significant Legislation

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

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ 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. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2013.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

NOTE 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The City has a liability of \$9,063,438.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.04037526570%, which would be a decrease of 0.14% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$596,151.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 216,222.00	
Changes of assumptions	973,341.00	
Changes in proportion	15,438.00	(145,723.00)
Net difference between projected and actual earnings on pension plan investments		(8,905.00)
Total	<u>\$ 1,205,001.00</u>	<u>(154,628.00)</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	196,349.97
2017		196,349.97
2018		196,349.97
2019		294,742.16
2020		166,580.93
Total	\$	<u>1,050,373.00</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 10,934,639.77	9,063,438.00	7,626,426.31

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Municipality has a liability of \$13,191,060.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.07919460310%, which would be an decrease of 5.68% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$1,036,416.00. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	(113,777.00)
Changes of assumptions	2,435,397.00	
Changes in proportion	56,704.00	(522,807.00)
Net difference between projected and actual earnings on pension plan investments		(229,579.00)
Total	<u>\$ 2,492,101.00</u>	<u>(866,163.00)</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	313,518.59
2017		313,518.59
2018		313,518.59
2019		495,638.14
2020		189,744.11
Total	\$	<u><u>1,625,938.00</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.60% - 9.48% (based on age)
Thereafter	3.60% - 10.48% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Municipality's proportionate share of the net pension liability	\$ 17,101,070.05	13,191,060.00	10,004,166.86

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 State special funding situation net pension liability amount of \$1,460,720,421.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of \$182,203,735.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.07919460310% for 2015. The net pension liability amount allocated to the Municipality was \$1,156,812.00. For the fiscal year ending June 30, 2015 State special funding situation pension expense of \$79,735.00 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 14: 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.

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. Retirements 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, which ever one 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. Retirements 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, which ever one comes first.

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

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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, 2015, 2014, and 2013 were \$543,226.20, \$567,130.75, and \$582,994.67, respectively, which equaled the required contribution for the year.

NOTE 15: 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 \$630,444.70 in 2015 and \$647,790.18 in 2014. 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 16: ECONOMIC DEPENDENCY

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

NOTE 17: 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, 2015 and 2014 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 18: 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 19: 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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, the following inter-funds were included on the balance sheets of the various funds of the City of North Wildwood:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 1,464.20	-
Trust Operating - Other	18,264.39	-
Trust Operating -POAA	-	424.00
Trust Assessment	368.36	-
Grant Fund	-	169,750.83
Grant Fund:		
Current Fund	169,750.83	-
General Capital Fund	4,636.03	-
Trust Fund - Body Armor	1,414.37	-
Trust Fund - Hereford	4,878.98	-
Trust Fund - Recreation	72,600.00	-
Assessment Trust Fund:		
Current Fund	-	368.36
Trust Fund:		
Current - Animal Control Fund	-	1,464.20
Current - Trust Other Fund	-	18,264.39
Current - POAA	424.00	-
Grant - Federal & State	-	78,893.35
General Capital Fund:		
Grant Fund	-	4,636.03
	\$ <u>273,801.16</u>	<u>273,801.16</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 Recreation Trust Fund is due to a Federal grant being partially funded by the Recreation Trust Fund. The remaining inter-funds are due to amounts that should have been transferred to the proper bank accounts.

NOTE 21: 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, 2015 is \$80,000.00

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 22: 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 \$45,000.00 in 2015 and 2014 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 23: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 17, 2016, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
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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, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 17, 2016, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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 17, 2016

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2014	\$ 7,708,685.30	-
Increased by Receipts:		
Tax Collector	34,480,409.85	-
Revenue Accounts Receivable	3,388,980.45	-
Miscellaneous Revenue Not Anticipated	676,121.53	-
Due from State - Veterans and Senior Citizens	89,305.82	-
Payroll Deductions Payable	8,844,236.95	-
Marriage License Fees Due to State	850.00	-
Reserve for 1.85% Room Tax	268,247.28	-
Emergency - Ordinance 1658	850,000.00	-
Due from Federal and State Grant Fund	761,595.94	-
Due to GWTIDA	421,400.00	-
Due to Current Fund	-	684,297.30
Federal and State Unallocated	-	41,091.94
Federal and State Receivables	-	720,504.00
	49,781,147.82	1,445,893.24
	57,489,833.12	1,445,893.24
Decreased by Disbursements:		
Current Year Appropriation	25,009,622.37	-
Prior Year Appropriations	220,339.37	-
County Taxes	6,374,852.78	-
County Added and Omitted Taxes	7,625.94	-
Local District School Taxes	6,421,898.20	-
Special District Taxes	55,000.00	-
Refund of Tax Overpayments	25,129.42	-
Due to State - Marriage Licenses	925.00	-
Due to Federal and State Grant Fund	684,297.30	-
Due to GWTIDA	25,387.60	-
Payroll Deductions Paid	8,738,592.04	-
Refund of Prior Year Revenue	119,051.56	-
Due to Current Fund	-	761,595.94
Federal and State Disbursements	-	684,297.30
	47,682,721.58	1,445,893.24
Balance December 31, 2015	\$ <u>9,807,111.54</u>	<u>-</u>

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

Balance December 31, 2014		\$	-
Increased by Receipts:			
Prepaid Taxes	815,283.16		
Taxes Receivable	29,441,614.74		
Revenue Accounts Receivable	<u>4,223,511.95</u>		
			<u>34,480,409.85</u>
			34,480,409.85
Payments to Treasurer			<u>34,480,409.85</u>
Balance December 31, 2015		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2015
				2014	2015			
Arrears	\$ 319,569.66	-	-	-	-	-	-	319,569.66
2011	1,559.34	-	-	-	-	-	-	1,559.34
2012	29,369.62	-	-	-	-	-	-	29,369.62
2013	56,604.10	-	-	-	0.62	-	-	56,603.48
2014	14,565.08	-	-	-	3,262.64	(6,064.31)	-	17,366.75
	421,667.80	-	-	-	3,263.26	(6,064.31)	-	424,468.85
2015	-	30,473,922.60	6,564.73	802,621.11	29,511,574.44	136,254.27	2,528.06	27,509.45
	\$ 421,667.80	30,473,922.60	6,564.73	802,621.11	29,514,837.70	130,189.96	2,528.06	451,978.30

29,441,614.74	Cash Receipts
86,447.60	Senior Citizens and Veterans
206,618.91	Homestead Rebate
(13,224.64)	Overpayments applied/recorded
<u>29,721,456.61</u>	

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	30,473,922.60
Special District Taxes	55,000.00
Added Taxes (54:4-63.1 et. Seq.)	6,564.73
	<u>30,535,487.33</u>
Tax Levy:	
General County Taxes	5,391,721.17
County Library Taxes	731,293.11
County Open Space Taxes	251,838.50
Special District Tax	55,000.00
County Added and Omitted Taxes	6,564.73
Total County Taxes	<u>6,436,417.51</u>
Local School District Tax	6,575,254.00
Additional Local School District Tax	-
Local Tax for Municipal Purposes	17,337,714.92
Add: Additional Tax Levied	<u>186,100.90</u>
	<u>17,523,815.82</u>
	<u>30,535,487.33</u>

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

Balance December 31, 2014		\$	4,090.16
Increased by:			
Transfers from Taxes Receivable	2,528.06		
Bulkhead Demo - 110 Delaware Block 126 Lot 1	251,437.90		
Interest and Costs Accrued by Sale of December 29, 2015	<u>9,799.93</u>		
			<u>263,765.89</u>
Balance December 31, 2015		\$	<u><u>267,856.05</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by		Balance Dec. 31, 2015
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	-	59,100.00	-	59,100.00	-
Other	-	148,428.00	-	148,428.00	-
Fees and Permits	-	381,480.68	-	381,480.68	-
Fines and Costs:					
Municipal Court	24,033.78	514,191.90	-	518,631.25	19,594.43
Interest and Costs on Taxes	-	72,251.67	72,251.67	-	-
Interest Earned on Investments	-	50,859.83	-	50,859.83	-
Parking Meters	-	898,654.02	-	898,654.02	-
Emergency Rescue Services	-	220,633.28	-	220,633.28	-
Fire Inspection Fees	-	170,945.00	-	170,945.00	-
County Debt Service	-	289,695.00	-	289,695.00	-
Sewer Rents	334,911.02	4,126,163.02	4,088,358.80	-	372,715.24
Tram Car Lease	-	35,425.17	-	35,425.17	-
Rental of City Property	-	96,895.00	-	96,895.00	-
Energy Receipts Tax	-	442,027.00	-	442,027.00	-
Capital Surplus	-	64,214.96	-	64,214.96	-
Uniform Fire Safety	-	15,288.01	-	15,288.01	-
1.85% Beach Maintenance	-	266,149.13	-	266,149.13	-
Miscellaneous Revenue Not Anticipated	-	739,023.01	62,901.48	676,121.53	-
	<u>\$ 358,944.80</u>	<u>8,591,424.68</u>	<u>4,223,511.95</u>	<u>4,334,547.86</u>	<u>392,309.67</u>
			Cash	4,065,101.98	
			Interfunds	3,296.75	
			Reserve for 1.85% Beach Maintenance	266,149.13	
			Total	<u>4,334,547.86</u>	

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration					
Salaries and Wages	1,515.19	1,515.19	-	1,515.19	-
Other Expenses	10,037.47	10,037.47	8,732.42	1,305.05	-
Mayor and Council					
Salaries and Wages	832.15	832.15	-	832.15	-
Other Expenses	3,395.52	3,395.52	2,309.04	1,086.48	-
Municipal Clerk					
Salaries and Wages	9,109.14	9,109.14	-	9,109.14	-
Other Expenses	3,870.69	3,870.69	3,529.40	341.29	-
Financial Administration					
Salaries and Wages	8,119.99	8,119.99	-	8,119.99	-
Other Expenses	31,310.50	31,310.50	3,476.51	27,833.99	-
Revenue Administration (Tax Collection)					
Salaries and Wages	1,162.66	1,162.66	-	1,162.66	-
Other Expenses	3,565.26	3,565.26	921.53	2,643.73	-
Tax Assessment Administration					
Salaries and Wages	17,412.20	17,412.20	-	17,412.20	-
Other Expenses	9,587.02	9,587.02	10.08	9,576.94	-
Legal Services					
Other Expenses	11,511.78	11,511.78	10,135.00	1,376.78	-
Engineering Services and Costs					
Other Expenses	173,585.32	173,585.32	6,841.36	166,743.96	-
Ambulance Billing Administration Fee					
Other Expenses	6,232.84	6,232.84	832.47	5,400.37	-
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	467.86	467.86	-	467.86	-
Other Expenses	12,750.21	12,750.21	4,203.75	8,546.46	-
Zoning Board of Adjustment					
Other Expenses	12,433.10	12,433.10	5,352.75	7,080.35	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
INSURANCE					
General Liability	772.22	772.22	-	772.22	-
Employee Group Health Insurance	459,801.16	459,801.16	-	459,801.16	-
Health Benefit Waiver					
Salaries and Wages	6,000.00	6,000.00	-	6,000.00	-
PUBLIC SAFETY					
Fire Department					
Salaries and Wages	7,136.90	7,136.90	-	7,136.90	-
Other Expenses	16,873.77	16,873.77	10,367.49	6,506.28	-
Fire Safety Act					
Salaries and Wages	11,753.82	11,753.82	-	11,753.82	-
Other Expenses	6,962.50	6,962.50	2,024.25	4,938.25	-
Aid to Volunteer Fire Company					
Other Expenses	5,000.00	5,000.00	3,450.00	1,550.00	-
Police Department					
Salaries and Wages	264,629.37	264,629.37	(167.64)	264,797.01	-
Other Expenses	4,728.21	4,728.21	4,308.58	419.63	-
Office of Emergency Management					
Salaries and Wages	34.69	34.69	-	34.69	-
Other Expenses	5,240.94	5,240.94	4,639.33	601.61	-
Municipal Court					
Salaries and Wages	1,090.86	1,090.86	-	1,090.86	-
Other Expenses	3,633.19	3,633.19	398.12	3,235.07	-
Municipal Prosecutor					
Salaries and Wages	0.64	0.64	-	0.64	-
PUBLIC WORKS					
Public Works Department					
Salaries and Wages	90,293.18	90,293.18	-	90,293.18	-
Other Expenses	36,615.53	36,615.53	30,886.55	5,728.98	-
Garbage and Trash					
Other Expenses	14,433.15	14,433.15	14,433.15	-	-
Public Buildings and Grounds					
Salaries and Wages	41,621.11	41,621.11	-	41,621.11	-
Other Expenses	114,733.90	114,733.90	67,213.20	47,520.70	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PARKS AND RECREATION					
Lifeguards	9,833.76	9,833.76	-	9,833.76	-
Salaries and Wages	370.70	370.70	-	370.70	-
Other Expenses					
Recreation Center					
Salaries and Wages	17,656.90	17,656.90	-	17,656.90	-
Other Expenses	4,601.45	4,601.45	515.46	4,085.99	-
UNIFORM CONSTRUCTION CODE					
Construction Official	612.26	612.26	-	612.26	-
Salaries and Wages	7,223.72	7,223.72	538.35	6,685.37	-
Other Expenses					
UNCLASSIFIED					
Celebration of Public Events, Anniversary or Holiday					
Salaries and Wages	5,074.24	5,074.24	-	5,074.24	-
Other Expenses	5,603.93	5,603.93	1,756.76	3,847.17	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	15,035.68	15,035.68	1,700.00	13,335.68	-
Telephone	71,866.17	71,866.17	3,918.24	67,947.93	-
Natural Gas	32,484.41	32,484.41	-	32,484.41	-
Water	1,170.83	1,170.83	-	1,170.83	-
Gasoline	20,078.60	20,078.60	12,602.13	7,476.47	-
Traffic Lights	6,798.90	6,798.90		6,798.90	-
LANDFILL / SOLID WASTE DISPOSAL COSTS					
Cape May County MUA Tipping Fees	42,174.20	42,174.20	10,501.09	31,673.11	-
Contingent	500.00	500.00	-	500.00	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	27,173.26	27,173.26	4,686.00	22,487.26	-
Social Security System (O.A.S.I.)	64,422.63	64,422.63	(12.82)	64,435.45	-
Police and Firemen's Retirement System	42,024.00	42,024.00	-	42,024.00	-
Unemployment Compensation Insurance	4,923.61	4,923.61	236.82	4,686.79	-
Lifeguard Pension	2,217.13	2,217.13	-	2,217.13	-
Retirement Reserve	29,000.00	29,000.00	-	29,000.00	-
Defined Contribution Retirement Program	178.52	178.52	-	178.52	-
OPERATIONS EXCLUDED FROM "CAPS"					
Payments to Cape May County Municipal	743.00	743.00	-	743.00	-
Utilities Authority - Sewer Charges	3,484.04	3,484.04	-	3,484.04	-
Length of Service Award Program (LOSAP)	15.00	15.00	-	15.00	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance - Local Share	16,632.19	16,632.19	-	16,632.19	-
(F) Judgements					
	<u>1,840,153.17</u>	<u>1,840,153.17</u>	<u>220,339.37</u>	<u>1,619,813.80</u>	<u>-</u>
	\$				

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

Balance December 31, 2014			
School Tax Payable	\$	676,316.50	
School Tax Deferred		<u>2,479,787.50</u>	
			\$ 3,156,104.00
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			<u>6,575,254.00</u>
			9,731,358.00
Decreased by:			
Payments			<u>6,421,898.20</u>
Balance December 31, 2015			
School Tax Payable		829,672.30	
School Tax Deferred		<u>2,479,787.50</u>	
			<u>3,309,459.80</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			6,421,898.20
Tax Payable Ending			<u>829,672.30</u>
			7,251,570.50
Less: Tax Payable Beginning			<u>676,316.50</u>
Amount charged to Current Year Operations			<u>\$ 6,575,254.00</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred From 2015 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:					
Small Cities Block Grant					
CDBG 2011 - Community Center ADA Impr. \$	67,845.00	-	-	-	67,845.00
CDBG 2013 - ADA	10,418.00	-	-	-	10,418.00
CDBG - ADA - 2015-Community Center Improv.	-	400,000.00	-	-	400,000.00
CDBG - 2015 - CDBG - DCA	-	400,000.00	365,982.00	-	34,018.00
2013 Small Cities - Housing Rehab	220,522.00	-	220,522.00	-	-
FHA TEA - Hereford Lighthouse	65,028.13	-	-	-	65,028.13
FEMA - Assistance to Firefighters Grant	111,071.00	-	-	-	111,071.00
Total Federal	474,884.13	800,000.00	586,504.00	-	688,380.13
STATE GRANTS:					
N.J. Transportation Trust Fund					
2013 - West 17th Avenue	38,569.25	-	-	-	38,569.25
2015 - 15th Avenue	-	175,000.00	-	-	175,000.00
NJDOT - Transportation Enhancement Program	622,000.00	-	129,000.00	-	493,000.00
Office of Emergency Management - EMMA	-	5,000.00	5,000.00	-	-
Click It or Ticket	944.88	-	-	-	944.88
Think Safety Pedestrian Mobilization	2,145.29	-	-	-	2,145.29
Total State	663,659.42	180,000.00	134,000.00	-	709,659.42
\$	1,138,543.55	980,000.00	720,504.00	-	1,398,039.55
		Cash	720,504.00		
		Unappropriated Reserves	-		
			720,504.00		

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

	Balance December 31, 2014		2015		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances	Appropriations					
FEDERAL GRANTS:								
Small Cities Block Grant :								
2013 Small Cities Housing Rehabilitation	\$ 127,833.00	19,904.00	-	-	127,949.00	-	-	19,788.00
CDBG - ADA Compliant Improvements	80,000.00	-	-	-	-	-	-	80,000.00
CDBG - Community Center ADA Improv.	114,470.16	-	-	-	-	-	-	114,470.16
CDBG - ADA - 2013	-	-	-	-	-	-	-	-
CDBG - ADA - 2015-Community Center Improv.	-	-	400,000.00	-	356,150.86	43,849.14	-	0.00
CDBG - 2015 - CDBG - DCA	-	-	400,000.00	-	-	-	-	400,000.00
FEMA - Assistance to Firefighters Grant	12,083.00	-	-	-	-	-	-	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	13,868.62	-	3,808.92	-	-	-	-	17,677.54
COPS in Schools	41,634.73	-	-	-	-	-	-	41,634.73
Economic Impact Initiative	3,695.37	940.66	-	-	-	940.66	-	3,695.37
Total Federal	393,609.91	22,944.05	803,808.92		484,099.86	46,889.19		689,373.83
STATE GRANTS:								
Drunk Driving Enforcement	35,138.50	21.50	24,109.53	-	26,713.44	393.00	-	32,163.09
N.J. Transportation Trust Fund :								
FY2009 Aid - Maryland Avenue	-	111.91	-	-	-	111.91	-	-
FY2015 Aid - 15 Avenue	-	-	175,000.00	-	-	-	-	175,000.00
N.J. DOT Transportation Enhancement Program	622,000.00	-	-	-	172,000.00	-	-	450,000.00
Office of Emergency Management - EMMA	-	-	5,000.00	-	-	-	-	5,000.00
Click It or Ticket Program	4,000.00	-	-	-	-	-	-	4,000.00
Think Safety Pedestrian Mobilization	4,000.00	-	-	-	-	-	-	4,000.00
Recycling Tonnage Grant	48,314.68	-	-	-	-	-	-	48,314.68
Clean Communities	88,326.83	-	30,173.40	-	-	-	-	118,500.23
Body Armor Grant 2014	1,484.00	-	-	-	1,484.00	-	-	-
Alcohol Education & Rehabilitation	11,241.78	-	-	-	-	-	-	11,241.78
2006 Traffic Safety Grant	3,000.00	-	-	-	-	-	-	3,000.00
Total State	817,505.79	133.41	234,282.93		200,197.44	504.91		851,219.78
	1,211,115.70	23,077.46	1,038,091.85		684,297.30	47,394.10		1,540,593.61

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
STATE GRANTS:					
Drunk Driving Enforcement	\$ 24,109.53	24,109.53	-	-	-
Clean Communities - 2014	30,173.40	30,173.40	-	-	-
Clean Communities - 2015	-	-	36,684.55	-	36,684.55
COPS in Shops - 2014	3,808.92	3,808.92	-	-	-
COPS in Shops - 2015	-	-	1,465.76	-	1,465.76
Recycling - Hazardous Waste	22,240.11	-	-	-	22,240.11
Body Armor Replacement Fund 2015	-	-	2,941.63	-	2,941.63
Total State	<u>80,331.96</u>	<u>58,091.85</u>	<u>41,091.94</u>	<u>-</u>	<u>63,332.05</u>
	<u>\$ 80,331.96</u>	<u>58,091.85</u>	<u>41,091.94</u>	<u>-</u>	<u>63,332.05</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2014	\$	1,694.00
Increased By Receipts:		
Dog Licenses Fees - City Share	\$	284.00
Dog Licenses Fees Collected - State Share		201.60
		485.60
		2,179.60
Decreased By Disbursements:		
State of New Jersey		201.60
Due to Current Fund		8.00
		209.60
Balance December 31, 2015	\$	1,970.00

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

	Other	Assessment
	\$	\$
Balance December 31, 2014	2,156,456.98	15,822.21
Increased By Receipts:		
Tourism Development	39,033.00	-
Recreation	176,557.40	-
Parking Offenses Adjudication Act	2,620.00	-
Public Defender	850.00	-
Municipal Alliance	26,874.74	-
D.A.R.E. Program	500.00	-
Memorials/Beautification Enhancement	25,350.00	-
Forfeited Property	2,500.00	-
Recreation - Junior Lifeguards	3,985.00	-
Fire Prevention	40,120.74	-
Lifeguard Pension	37,219.41	-
Tax Premiums	539,363.25	-
Tax Title Liens	865,168.86	-
Small Cities Escrow Deposits	41,343.27	-
Developers Escrow	68,816.25	-
Municipal Parking Capital Improvement Account	8,023.74	-
UCC Third Party	330,205.00	-
Flex Savings	260.00	-
Interest Earned - Due to Current	3,233.34	63.41
	2,212,024.00	63.41
	4,368,480.98	15,885.62
Decreased by Disbursements:		
Tourism Development	46,252.70	-
Recreation	108,624.77	-
Parking Offenses Adjudication Act	-	-
Municipal Alliance	22,725.13	-
D.A.R.E. Program	623.77	-
Recreation - Junior Lifeguards	2,389.00	-
Fire Prevention	1,945.93	-
Memorials/Beautification Enhancement	44,405.05	-
UCC Third Party	176,050.40	-
Lifeguard Pension	46,710.46	-
Developers Escrow	50,953.78	-
Flex Savings	260.00	-
Tax Premiums	482,563.25	-
Tax Title Liens	912,457.83	-
Small Cities	3,575.00	-
Interest Paid to Current Fund	-	-
	1,899,537.07	-
	2,468,943.91	15,885.62
Balance December 31, 2015	2,468,943.91	15,885.62

See Accompanying Auditor's Report

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

Balance December 31, 2014	\$	424.00
Increased By:		
Dog Licenses Fees Collected - City Share	\$	284.00
Dog Licenses Fees Collected - State Share		201.60
		485.60
		909.60
Decreased By:		
Statutory Excess Due to Current Fund		203.40
Paid to State of New Jersey		208.20
		411.60
Balance December 31, 2015	\$	498.00

License Fees Collected	<u>Year</u>	
	2013	\$ 240.00
	2014	258.00
		\$ 498.00

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

Balance December 31, 2014	\$	1,268.80
Increased By:		
Statutory Excess	\$	203.40
		203.40
		1,472.20
Decreased By:		
Due to Current Fund		8.00
		8.00
Balance December 31, 2015	\$	1,464.20

**TRUST FUND
SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY**

Balance December 31, 2014	\$	1.20
Increased By:		
Collected in 2015	\$	208.20
		208.20
		209.40
Decreased By:		
Paid to State of New Jersey		201.60
		201.60
Balance December 31, 2015	\$	7.80

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

Balance December 31, 2014		\$	1,228,032.12
Increased by:			
Due from Current Fund			
Budget Appropriation :			
Capital Improvement Fund	150,000.00		
Budget Appropriation Current Fund - Ord. 1658	450,000.00		
USDA Grant Proceeds	1,051,493.00		
FEMA Grant - Beach Replenishment Project# 4048	1,168,427.26		
Proceeds from Bond Anticipation Notes	3,400,000.00		
Proceeds from Bond Sale-USDA	2,238,000.00		
Premium Received on Sale of Notes	117,224.00		
Improvement Authorization Reimbursements	118.00		
			8,575,262.26
			9,803,294.38
Decreased by:			
Improvement Authorizations	5,961,904.66		
Bond Anticipation Notes Payable - Ordinance 1576	3,500,000.00		
Capital Surplus - General Budget	64,214.96		
			9,526,119.62
Balance December 31, 2015		\$	277,174.76

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2014	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
\$									
Fund Balance	544,214.96	117,224.00	-	-	64,214.96	-	-	-	597,224.00
Capital Improvement Fund	135,130.00	150,000.00	-	-	-	-	-	-	210,130.00
Reserve for Debt Service	33,365.52	1,168,427.26	-	-	-	75,000.00	-	-	1,201,792.78
Reserve for Debt Service - USDA	360,507.00	-	-	-	360,507.00	-	-	-	-
Encumbrances Payable	2,126,748.01	-	-	-	-	2,126,748.01	-	633,776.44	633,776.44
Due from Federal & State Grant Fund	4,636.03	-	-	-	-	-	-	-	4,636.03
Due to Current Fund	-	-	-	-	-	-	-	-	-
Improvement Authorizations:									
1519 Various Capital Improvements	57,714.40	-	-	-	30,382.09	-	-	-	27,332.31
1546 Street and Utility Reconstruction of 12th Avenue	-	-	-	-	-	3,708.27	-	3,708.27	-
1553 Sanitary Sewer Improvements	1,089.09	-	-	-	-	-	-	-	1,089.09
1571 Acquisition of Property	7,298.15	-	-	-	-	-	-	-	7,298.15
1576 Sanitary Sewer Improv. Phase III	(120,111.61)	-	-	150,000.00	122,362.25	-	-	17,534.46	46,642.47
1580 Storm Drainage Improvements and the Replenishment of the Beach	(103,379.28)	-	-	-	63,141.01	-	-	-	(103,638.17)
1600 Various Improvements	-	-	-	-	-	2,885.85	-	-	2,885.85
1611 Various Improvements	4,337.00	-	-	-	1,822.40	-	-	-	2,514.60
1617 Various Improvements	14,927.66	-	-	-	14,927.66	-	-	-	-
1624 Beach Replenishment	82,014.90	-	-	-	64,232.04	-	-	-	(6,484.64)
1628 8th Street Field	56,345.75	-	-	-	1,405.85	-	-	24,267.50	54,939.90
1632 Security Equipment	5,609.39	-	-	-	-	-	-	-	5,609.39
1648 Various Improvements	312,442.54	-	-	-	267,083.79	-	-	4,237.09	125,271.00
1652 Various Improvements	(1,441,233.13)	-	-	3,400,000.00	3,368,853.76	-	-	210,619.61	(10,583.52)
1653 NJEIT Project	(853,624.26)	-	-	-	28,036.14	-	-	133,354.98	(881,660.40)
1658 Lien Repayment	-	450,000.00	-	-	900,000.00	-	-	-	(450,000.00)
1617 Various Improvements	-	-	-	-	-	62,750.33	-	62,750.33	-
1667 Various Improvements	-	-	-	-	1,099,539.67	-	-	164,175.00	(1,188,714.67)
\$	<u>1,228,032.12</u>	<u>1,885,651.26</u>	<u>3,550,000.00</u>	<u>3,550,000.00</u>	<u>5,961,786.66</u>	<u>424,721.96</u>	<u>2,835,524.45</u>	<u>2,835,524.45</u>	<u>277,174.76</u>

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

Balance December 31, 2014		\$	135,130.00
Increased by:			
Current Fund Budget Appropriation	150,000.00		
	<hr/>		<hr/>
			150,000.00
			285,130.00
Decreased by:			
Improvement Authorizations Funded	75,000.00		
	<hr/>		<hr/>
			75,000.00
Balance December 31, 2015		\$	<u><u>210,130.00</u></u>

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

Balance December 31, 2014		\$ 35,092,780.08
Increased by:		
USDA Bond Issued	2,238,000.00	
	2,238,000.00	2,238,000.00
Decreased by:		
Serial Bonds Paid	2,620,000.00	
Wastewater Bonds Paid	175,000.00	
Wastewater Loan Payments	145,293.70	
Green Trust Loan Payments	6,085.15	
USDA Bonds Paid	177,292.62	
	3,123,671.47	37,330,780.08
Balance December 31, 2015		\$ <u><u>34,207,108.61</u></u>

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

Ord #	Improvement Description	Balance	2015	Raised in	Debt Issued	Other	Balance	Bond	Analysis of Balance	
		Dec. 31, 2014	Authorizations	2015 Budget			Dec. 31, 2015	Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1576	Sanitary Sewer Improvements	\$ 3,650,000.00	-	-	2,598,507.00	1,051,493.00	-	-	-	-
1580	Storm Drainage Improvements and the Replenishment of the Beach	103,638.17	-	-	-	-	103,638.17	-	103,638.17	-
1611	Various Improvements	1,500,000.00	-	-	-	-	1,500,000.00	1,500,000.00	-	-
1617	Various Improvements	1,900,000.00	-	-	-	-	1,900,000.00	1,900,000.00	-	-
1624	Beach Replenishment	475,000.00	-	-	-	-	475,000.00	250,000.00	225,000.00	-
1628	8th Street Field	2,850,000.00	-	290,000.00	-	-	2,560,000.00	2,560,000.00	-	-
1648	Various Improvements	-	-	-	-	-	-	-	-	-
1652	Various Improvements	3,800,000.00	-	-	-	-	3,800,000.00	3,400,000.00	10,583.52	389,416.48
1653	NJEIT Project	10,500,000.00	-	-	-	-	10,500,000.00	-	881,660.40	9,618,339.60
1658	Lien Repayment	-	900,000.00	-	-	450,000.00	450,000.00	-	450,000.00	-
1667	Various Improvements	-	1,425,000.00	-	-	-	1,425,000.00	-	1,188,714.67	236,285.33
		\$ 24,778,638.17	2,325,000.00	290,000.00	2,598,507.00	1,501,493.00	22,713,638.17	9,610,000.00	2,859,696.76	10,244,041.41

Improvement Authorizations Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:
Ord. Number 1624
\$ 218,515.36

218,515.36
\$ 10,244,041.41

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015			Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount	Amount					
General Obligation Bonds of 2004	12/1/2004	8,000,000.00	12/1/2016	900,000.00	3,700%	3,060,000.00	-	880,000.00	2,180,000.00	
			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	12/1/2016	1,200,000.00	3,250%	9,280,000.00	-	1,080,000.00	8,200,000.00	
			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	8/1/2016	740,000.00	2,000%	10,800,000.00	-	660,000.00	10,140,000.00	
			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%					
						\$ 23,140,000.00	-	2,620,000.00	20,520,000.00	

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015	
			Date	Amount						
Wastewater Treatment Fund Bonds of 1998	10/15/1997	1,075,000.00	10/15/2016	80,000.00	5.000%	240,000.00	-	75,000.00	165,000.00	
			10/15/2017	85,000.00	5.000%					
Wastewater Treatment Fund Bonds of 2003A	10/15/2002	1,745,000.00	8/1/2016	100,000.00	5.000%	930,000.00	-	100,000.00	830,000.00	
			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%							
					\$	<u>1,170,000.00</u>	<u>-</u>	<u>175,000.00</u>	<u>995,000.00</u>	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount					
Wastewater Treatment Fund Loan of 1998	10/15/1997	1,092,217.00	N/A	-	N/A	\$ 49,220.59		49,220.59	-
Wastewater Treatment Fund Loan of 2003A	10/15/2002	1,843,735.00	2/1/2016	13,528.12	N/A	754,617.38		96,073.11	658,544.27
			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					
						\$ 803,837.97	-	145,293.70	658,544.27

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
Skateboard Park	4/19/2005	120,000.00	2016	6,207.46	2.000%	70,355.25	-	6,085.15	64,270.10
			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					
						\$ 70,355.25	-	6,085.15	64,270.10

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Sanitary Sewer Improvements Phase II	1576	11/17/2009	3/11/2014	3/11/2015	1.000%	3,500,000.00	-	3,500,000.00	-
Various Improvements	1611	8/27/2013	8/26/2014	8/26/2015	1.000%	1,500,000.00	-	1,500,000.00	-
			8/25/2015	8/25/2016	2.000%	-	1,500,000.00	-	1,500,000.00
Various Improvements	1617	8/27/2013	8/26/2014	8/26/2015	1.000%	1,900,000.00	-	1,900,000.00	-
			8/25/2015	8/25/2016	2.000%	-	1,900,000.00	-	1,900,000.00
Beach Replenishment	1624	8/27/2013	8/26/2014	8/26/2015	1.000%	250,000.00	-	250,000.00	-
			8/25/2015	8/25/2016	2.000%	-	250,000.00	-	250,000.00
8th Street Field	1628	8/27/2013	8/26/2014	8/26/2015	1.000%	2,850,000.00	-	2,850,000.00	-
			8/25/2015	8/25/2016	2.000%	-	2,560,000.00	-	2,560,000.00
Various Improvements	1652	1/27/2015	8/25/2015	8/25/2016	2.000%	-	3,400,000.00	-	3,400,000.00
						\$ 10,000,000.00	9,610,000.00	10,000,000.00	9,610,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Canceled	Balance Dec. 31, 2015
1576	Sanitary Sewer Improvements Phase III	\$ 150,000.00	-	150,000.00	-	-
1580	Storm Drainage Improvements and the Replenishment of the Beach	103,638.17	-	-	-	103,638.17
1624	Beach Replenishment	225,000.00	-	-	-	225,000.00
1652	Various Capital Improvements	3,800,000.00	-	3,400,000.00	-	400,000.00
1653	NJEIT Project	10,500,000.00	-	-	-	10,500,000.00
1658	Lien Repayment	-	450,000.00	-	-	450,000.00
1667	Various Capital Improvements	-	1,425,000.00	-	-	1,425,000.00
		<u>\$ 14,778,638.17</u>	<u>1,875,000.00</u>	<u>3,550,000.00</u>	<u>-</u>	<u>13,103,638.17</u>

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

	<u>Trust Fund I</u>	
Balance December 31, 2014	\$	2,858.87
Increased By Receipts:		
Interest Earned on Deposits	\$	5.67
		<u>5.67</u>
		2,864.54
Decreased By Disbursements:		
Supplemental Security Income Refund Account Closed - Paid to City 7/8/15	2,864.54	
		<u>2,864.54</u>
Balance December 31, 2015	\$	<u><u>-</u></u>

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

	Trust Fund I
Balance December 31, 2015	\$ -
Balance April 30, 2016	\$ <u>-</u>
Reconciliation May 31, 2016	
Balance on Deposit per Statement:	
Crest Savings (Account Closed 7/8/15)	\$ -
Book Balance	\$ <u>-</u>

**PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES**

	<u>Trust Fund I</u>
Interest Earned	\$ 5.67
Total Revenues (PATF)	<u>5.67</u>
Total Receipts	<u>\$ 5.67</u>

CITY OF NORTH WILDWOOD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2015

CITY OF NORTH WILDWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiency identified? **NO**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

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

A corrective action plan is not required for 2015.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-1:

Recommendation

That the CFO periodically review each employee's contribution amount whenever there is a change in salary, coverage, contribution rate, and health care premiums,

This recommendation was corrected during 2015.

Finding 2014-2:

Recommendation

That the City periodically review their fees charged to verify that they are in accordance with the City Code Book.

This recommendation was corrected during 2015.

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 6, 2015 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 29, 2015 and was complete.

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

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

<u>Year</u>	<u>Number</u>
2015	10
2014	5
2013	4

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 2015 and 2016 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>
2015 \$	30,535,487.33	30,314,195.55	99.28%
2014	30,005,531.03	29,779,366.54	99.25%
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%

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Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 1.128	1.101	1.078	1.074	1.072
Apportionment of Tax Rate:					
Municipal	0.644	0.625	0.612	0.612	0.600
County	0.239	0.243	0.246	0.238	0.240
Local School	0.245	0.233	0.220	0.224	0.232
Assessed Valuation	2,694,567,728	2,717,153,370	2,726,654,433	2,737,383,216	2,752,506,108

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>
2015 \$	267,856.05	451,978.30	719,834.35	2.36%
2014	4,090.16	421,667.80	425,757.96	1.42%
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%

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.

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RECOMMENDATIONS

None.

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 17, 2016

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