

CITY OF NORTH WILDWOOD
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2022

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, 2022



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

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, 2022 and 2021, 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, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022 and 2021, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2022 and 2021, 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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of North Wildwood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of North Wildwood's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit 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 City of North Wildwood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of North Wildwood's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Wildwood 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. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2023, 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 the effectiveness 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

August 4, 2023

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 12,678,340.27	13,914,205.68
Cash - Change	1,450.00	1,450.00
Total Cash	<u>12,679,790.27</u>	<u>13,915,655.68</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	1,373.77	2,052.74
Total Other Receivables	<u>1,373.77</u>	<u>2,052.74</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	6,485.78	-
Tax Title and Other Liens	1,142.07	1,066.26
Property Acquired for Taxes - at Assessed Valuation	4,300.00	4,300.00
Revenue Accounts Receivable	350,258.91	350,845.01
Interfund Receivable:		
General Capital	-	4,636.03
Trust - Other	-	4,878.98
Animal Control	1,825.38	1,455.78
Total Receivables and Other Assets	<u>364,012.14</u>	<u>367,182.06</u>
Total Regular Fund	<u>13,045,176.18</u>	<u>14,284,890.48</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	2,045,971.90	2,195,706.19
Due from Current Fund	109,318.46	143,900.54
Total Federal and State Grant Fund	<u>2,155,290.36</u>	<u>2,339,606.73</u>
Total Current Fund	<u>\$ 15,200,466.54</u>	<u>16,624,497.21</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,271,460.19	1,601,347.43
Reserve for Encumbrances	305,279.72	328,985.33
Accounts Payable	-	2,433.54
Prepaid Taxes	1,421,743.56	1,356,173.76
Overpaid Taxes	178,009.86	176,046.01
Sewer Rent Overpayments	58,783.86	75,399.07
Local School Tax Payable	1,323,570.63	2,559,387.10
County Added Tax Payable	31,863.14	38,561.43
Special District Tax Payable	257.83	257.83
Due to State:		
Marriage Licenses	-	125.00
Interfund Payable:		
Federal and State Grant Fund	109,318.46	143,900.54
Tax Title Lien Redemption	4,324.54	4,324.54
Tourism	162.00	162.00
GWTIDA	-	3,745.00
Other		
Reserve for Municipal Relief Fund	23,057.85	-
Payroll Taxes Payable	83,139.12	76,203.00
Reserve for Hereford Park Improvements	9,001.00	9,001.00
Reserve for Beach Repairs	3,221.34	3,221.34
Reserve for State Tax Appeal	80,000.00	80,000.00
Reserve for 1.85% Room Tax	404,174.46	357,199.29
	<u>5,307,367.56</u>	<u>6,816,473.21</u>
Reserve for Receivables and Other Assets	364,012.14	367,182.06
Fund Balance	<u>7,373,796.48</u>	<u>7,101,235.21</u>
Total Regular Fund	<u>13,045,176.18</u>	<u>14,284,890.48</u>
Federal and State Grant Fund:		
Unappropriated Reserves	62,810.37	246,403.20
Appropriated Reserves	1,976,314.28	1,922,463.34
Encumbrances Payable	116,165.71	170,740.19
Total Federal and State Grant Fund	<u>2,155,290.36</u>	<u>2,339,606.73</u>
Total Current Fund	<u>\$ 15,200,466.54</u>	<u>16,624,497.21</u>

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

	2022	2021
Revenue and Other Income Realized		
Fund Balance	\$ 3,525,000.00	3,400,000.00
Miscellaneous Revenue Anticipated	10,464,432.52	10,117,874.43
Receipts from Delinquent Taxes	975.98	4,646.85
Receipts from Current Taxes	39,007,886.04	37,307,807.38
Non Budget Revenue	590,022.48	956,976.40
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,571,251.24	1,954,718.84
Interfund Returned	9,515.01	-
Accounts Payable Cancelled	-	3,825.90
Grant Appropriation Cancelled	-	12,602.79
Total Income	<u>55,169,083.27</u>	<u>53,758,452.59</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	10,672,244.81	10,117,778.28
Other Expenses	8,808,448.23	8,177,691.27
Deferred Charges & Statutory Expenditures	2,293,356.71	2,074,145.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	4,446,110.80	4,283,200.57
Capital Improvements	2,765,000.00	3,000,000.00
Debt Service	5,695,354.88	5,768,109.25
Local District School Tax	7,609,608.00	7,561,006.00
County Tax	8,986,785.43	8,197,945.63
County Share of Added Tax	31,863.14	38,561.43
Interfund Created	-	574.06
Refund of Prior Year's Revenue	250.00	-
Refund of Prior Year's Revenue - Taxes	-	398.90
Other:		
Special District Taxes	62,500.00	62,500.00
Grant Receiveables Cancelled	-	9,515.01
Total Expenditures	<u>51,371,522.00</u>	<u>49,291,425.40</u>
Excess/(Deficit) in Revenue	<u>3,797,561.27</u>	<u>4,467,027.19</u>

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

	<u>2022</u>	<u>2021</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	-	-
	<u>-</u>	<u>-</u>
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>3,797,561.27</u>	<u>4,467,027.19</u>
Fund Balance January 1	<u>7,101,235.21</u>	<u>6,034,208.02</u>
	10,898,796.48	10,501,235.21
Decreased by:		
Utilization as Anticipated Revenue	<u>3,525,000.00</u>	<u>3,400,000.00</u>
Fund Balance December 31	<u>\$ 7,373,796.48</u>	<u>7,101,235.21</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Fund Balance Anticipated	\$ 3,525,000.00		3,525,000.00	-
Total Fund Balance Anticipated	3,525,000.00	-	3,525,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	53,000.00		58,950.00	5,950.00
Other	103,550.00		111,429.50	7,879.50
Fees and Permits	372,000.00		713,428.83	341,428.83
Fines and Costs:				
Municipal Court	200,000.00		213,973.90	13,973.90
Interest and Costs on Taxes	70,000.00		70,395.60	395.60
Interest Earned on Investments	73,000.00		134,836.71	61,836.71
Parking Meters	1,000,000.00		1,034,670.38	34,670.38
Emergency Rescue Services	240,000.00		294,339.27	54,339.27
Fire Inspector Fees	210,000.00		210,512.00	512.00
Sewer Rents	5,060,000.00		5,353,732.96	293,732.96
Tram Car Lease	30,000.00		37,500.00	7,500.00
Rental of City Property	75,000.00		134,751.00	59,751.00
Total Section A: Local Revenues	7,486,550.00	-	8,368,520.15	881,970.15
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	-

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
American Rescue Plan		393,553.77	393,553.77	-
UEZ Security Camera Grant		40,755.00	40,755.00	-
UEZ Infrastructure Repair Project		34,097.00	34,097.00	-
Firefighters Grant		87,765.71	87,765.71	-
USDA Lucas Devices		28,400.00	28,400.00	-
Recycling Tonnage Grant	13,093.27		13,093.27	-
Clean Communities Grant	36,533.05		36,533.05	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	49,626.32	584,571.48	634,197.80	-
Section G: Other Special Items				
Uniform Fire Safety Act	20,000.00		34,721.88	14,721.88
1.85% Beach Maintenance	357,199.29		357,199.29	-
Capital Surplus	100,000.00		100,000.00	-
County Proceeds to Pay Debt Service for Open Space	290,000.00		290,000.00	-
Reserve to Pay Debt Service	114,000.00		114,000.00	-
Wildwood Crest - Municipal Courts	65,000.00		68,766.41	3,766.41
Middle Township - Construction Code	55,000.00		54,999.99	(0.01)
Total Section G: Other Special Items	1,001,199.29	-	1,019,687.57	18,488.28
Total Miscellaneous Revenues:	8,979,402.61	584,571.48	10,464,432.52	900,458.43

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Receipts from Delinquent Taxes	-	-	975.98	975.98
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	22,178,720.96	-	22,895,810.28	717,089.32
Total Amount to be Raised by Taxes for Support of Municipal Budget	22,178,720.96	-	22,895,810.28	717,089.32
Budget Totals	34,683,123.57	584,571.48	36,886,218.78	1,618,523.73
Non- Budget Revenues:				
Other Non- Budget Revenues:	-	-	590,022.48	590,022.48
	34,683,123.57	584,571.48	37,476,241.26	2,208,546.21

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, 2022**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	39,007,886.04
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Less: Reserve for Tax Appeals Pending	
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Net Revenue from Collections	39,007,886.04
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Allocated to:

School, County and Other Taxes	16,690,756.57
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Balance for Support of Municipal Budget Appropriations	22,317,129.47
--	---------------

Increased by:

Appropriation "Reserved for Uncollected Taxes"	578,680.81
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Amount for Support of Municipal Budget Appropriations	22,895,810.28
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	975.98
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Tax Title Lien Collections	-
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Total Receipts from Delinquent Taxes	975.98
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Bookkeeping	183.00
Bureau of Housing Inspection	16,821.00
GovDeals	33,884.62
GWTIDA Event Support	31,639.80
Interest - Dividend	886.14
P-Card Rebates	11,204.49
Photocopies	1,201.16
PILOT	1,128.82
RAFF Recycling	17,118.62
Refunds	25,000.00
Special Event Room Rental	1,100.00
Special Events Labor Equipment	46,056.22
State of NJ	1,194.09
UCC - Admin Fees 12/20-11/21	317,188.00
Unclaimed Property	981.13
Vendor Refunds	5,674.39
Zoning Fees	34,414.00
Interest on Delinquent Sewer	35,021.00
Miscellaneous	9,326.00

Total Miscellaneous Revenue Not Anticipated:	590,022.48
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 179,000.00	149,000.00	121,804.29		27,195.71	-
Other Expenses	152,700.00	152,700.00	121,304.29	19,014.20	12,381.51	-
Mayor and Council						
Salaries and Wages	117,665.09	117,665.09	115,294.58		2,370.51	-
Other Expenses	7,500.00	7,500.00	5,253.97		2,246.03	-
City Clerk						
Salaries and Wages	262,065.29	262,065.29	249,014.44		13,050.85	-
Other Expenses	85,000.00	85,000.00	80,025.61	2,049.56	2,924.83	-
Financial Administration						
Salaries and Wages	253,582.88	283,582.88	273,818.10		9,764.78	-
Other Expenses	77,185.00	75,585.00	51,566.28	10,458.36	13,560.36	-
Ambulance Billing Administration Fee						
Other Expenses	24,000.00	24,000.00	14,288.60		9,711.40	-
Audit Services						
Other Expenses	44,000.00	44,000.00	44,000.00		-	-
Assessment of Taxes						
Salaries and Wages	43,050.00	43,050.00	37,706.77		5,343.23	-
Other Expenses	111,600.00	111,600.00	107,320.20	2,456.90	1,822.90	-
Collection of Taxes						
Salaries and Wages	196,425.68	196,425.68	191,831.77		4,593.91	-
Other Expenses	33,500.00	33,500.00	23,926.95	6,052.72	3,520.33	-
Legal Services						
Other Expenses	250,000.00	250,000.00	197,308.96	1,239.00	51,452.04	-
Engineering Services						
Other Expenses	200,000.00	200,000.00	126,917.76		73,082.24	-
LAND USE ADMINISTRATION						
Zoning Board of Adjustment						
Salaries and Wages	56,513.39	56,513.39	55,475.54		1,037.85	-
Other Expenses	32,750.00	32,750.00	27,158.56	584.68	5,006.76	-
INSURANCE						
General Liability	275,200.00	275,200.00	241,342.78	4,945.00	28,912.22	-
Workers Compensation Insurance	375,300.00	375,300.00	375,300.00		-	-
Employee Group Health	2,295,000.00	2,295,000.00	2,180,255.36		114,744.64	-
Health Benefits Waiver						
Salaries and Wages	16,000.00	16,000.00	12,000.00		4,000.00	-
PUBLIC SAFETY						
Fire						
Salaries and Wages	1,744,561.00	1,744,561.00	1,561,910.29		182,650.71	-
Other Expenses	273,300.00	273,300.00	165,041.97	79,978.33	28,279.70	-
Fire Safety Act						
Salaries and Wages	183,300.00	183,300.00	180,250.07		3,049.93	-
Other Expenses	25,500.00	25,500.00	13,397.94	1,434.37	10,667.69	-
Aid to Volunteer Fire Company						
Other Expenses	95,000.00	95,000.00	89,518.00		5,482.00	-
Police						
Salaries and Wages	4,107,173.42	4,107,173.42	4,016,479.84		90,693.58	-
Other Expenses	381,747.23	381,747.23	313,972.94	54,215.15	13,559.14	-
Emergency Management Services						
Salaries and Wages	17,205.18	17,205.18	10,706.32		6,498.86	-
Other Expenses	20,900.00	20,900.00	17,602.35		3,297.65	-
Municipal Court						
Salaries and Wages	181,549.61	181,549.61	175,513.75		6,035.86	-
Other Expenses	22,400.00	22,400.00	13,627.50	453.54	8,318.96	-
Municipal Prosecutor						
Other Expenses	39,716.00	39,716.00	39,716.00		-	-
Public Defender						
Other Expenses	17,600.00	17,600.00	17,600.00		-	-
PUBLIC WORKS						
Public Works Department						
Salaries and Wages	1,450,539.72	1,450,539.72	1,371,830.47		78,709.25	-
Other Expenses	725,500.00	725,500.00	689,209.51	29,344.92	6,945.57	-
Garbage and Trash						
Other Expenses	900,000.00	900,000.00	786,873.99	43,453.66	69,672.35	-
Public Buildings and Grounds						
Salaries and Wages	501,698.16	501,698.16	444,225.21		57,472.95	-
Other Expenses	304,450.00	304,450.00	284,753.00	18,641.53	1,055.47	-
Fleet Maintenance						
Other Expenses	400,000.00	400,000.00	344,272.74	4,649.30	51,077.96	-
HEALTH AND HUMAN SERVICES						
Dog Regulation Other Expenses	40,000.00	40,000.00	27,825.91		12,174.09	-

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, 2021

	Appropriations		Expended			(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
PARKS AND RECREATION						
Lifeguards						
Salaries and Wages	658,000.00	685,500.00	685,458.00		42.00	-
Other Expenses	60,800.00	33,300.00	30,677.74		2,622.26	-
Recreation Center						
Salaries and Wages	490,515.39	490,515.39	479,068.28		11,447.11	-
Other Expenses	49,100.00	49,100.00	34,731.22	5,239.69	9,129.09	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	185,900.00	185,900.00	185,115.90		784.10	-
Other Expenses	17,000.00	17,000.00	7,328.01	399.20	9,272.79	-
UNCLASSIFIED						
Celebration of Public Events, Anniversary etc.						
Salaries and Wages		-			-	-
Other Expenses	104,300.00	104,300.00	83,010.25	1,100.00	20,189.75	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	190,000.00	190,000.00	186,144.10		3,855.90	-
Street Lighting	230,000.00	230,000.00	200,947.65		29,052.35	-
Telephone	101,000.00	101,000.00	78,495.70		22,504.30	-
Natural Gas	85,000.00	85,000.00	62,912.88		22,087.12	-
Water	170,000.00	170,000.00	161,906.15		8,093.85	-
Gasoline	180,000.00	180,000.00	173,374.18	5,193.51	1,432.31	-
Traffic Lights	30,000.00	30,000.00	24,999.79		5,000.21	-
Cape May County MUA - Tipping Fees	410,000.00	410,000.00	329,252.21	14,376.10	66,371.69	-
TOTAL OPERATIONS WITHIN "CAPS"	19,481,793.04	19,480,193.04	17,940,664.67	305,279.72	1,234,248.65	-
Contingent	500.00	500.00	-	-	500.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	19,482,293.04	19,480,693.04	17,940,664.67	305,279.72	1,234,748.65	-
Detail:						
Salaries and Wages	10,644,744.81	10,672,244.81	10,167,503.62	-	504,741.19	-
Other Expenses	8,837,548.23	8,808,448.23	7,773,161.05	305,279.72	730,007.46	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	496,183.71	496,183.71	496,183.71		-	-
Social Security System (O.A.S.I.)	520,000.00	520,000.00	509,457.65		10,542.35	-
Police and Firemen's Retirement System	1,161,173.00	1,161,173.00	1,161,173.00		-	-
Unemployment Compensation Insurance	48,000.00	48,000.00	46,885.95		1,114.05	-
Lifeguard Pension	26,000.00	27,600.00	27,511.12		88.88	-
Retirement Reserve	39,000.00	39,000.00	23,569.95		15,430.05	-
Defined Contribution Retirement Program	1,400.00	1,400.00	1,122.48		277.52	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,291,756.71	2,293,356.71	2,265,903.86	-	27,452.85	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	21,774,049.75	21,774,049.75	20,206,568.53	305,279.72	1,262,201.50	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Utilities Authority - Sewer Charges	3,766,913.00	3,766,913.00	3,758,244.00		8,669.00	-
Length of Service Award Program (LOSAP)	45,000.00	45,000.00	44,410.31		589.69	-
	3,811,913.00	3,811,913.00	3,802,654.31	-	9,258.69	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	13,093.27	13,093.27	13,093.27		-	-
Clean Communities Program	36,533.05	36,533.05	36,533.05		-	-
American Rescue Plan		393,553.77	393,553.77		-	-
UEZ Security Camera Grant		40,755.00	40,755.00		-	-
UEZ Infrastructure Repair Project		34,097.00	34,097.00		-	-
Firefighters Grant		87,765.71	87,765.71		-	-
USDA Lucas Devices		28,400.00	28,400.00		-	-
Total Public and Private Programs Off-Set by Revenues	<u>49,626.32</u>	<u>634,197.80</u>	<u>634,197.80</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	3,861,539.32	4,446,110.80	4,436,852.11	-	9,258.69	-
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	3,861,539.32	4,446,110.80	4,436,852.11	-	9,258.69	-
(C) Capital Improvements						
Capital Improvement Fund	<u>2,765,000.00</u>	<u>2,765,000.00</u>	<u>2,765,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>2,765,000.00</u>	<u>2,765,000.00</u>	<u>2,765,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Principal	3,365,000.00	3,365,000.00	3,365,000.00		-	-
Payment of Bond Anticipation Notes		-	-		-	-
Interest on Bonds	1,254,131.67	1,254,131.67	1,254,131.65		-	0.02
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	7,461.98	7,461.98	7,461.98		-	(0.00)
USDA Bonds - Series 2012A	221,652.00	221,652.00	221,652.00		-	-
USDA Bonds - Series 2019A	85,180.00	85,180.00	85,180.00		-	-
NJEIT Payments 2002 Issues	770,428.04	770,428.04	761,929.25		-	8,498.79
Total Debt Service	<u>5,703,853.69</u>	<u>5,703,853.69</u>	<u>5,695,354.88</u>	<u>-</u>	<u>-</u>	<u>8,498.81</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>12,330,393.01</u>	<u>12,914,964.49</u>	<u>12,897,206.99</u>	<u>-</u>	<u>9,258.69</u>	<u>8,498.81</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>34,104,442.76</u>	<u>34,689,014.24</u>	<u>33,103,775.52</u>	<u>305,279.72</u>	<u>1,271,460.19</u>	<u>8,498.81</u>
(M) Reserve for Uncollected Taxes	<u>578,680.81</u>	<u>578,680.81</u>	<u>578,680.81</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 34,683,123.57</u>	<u>35,267,695.05</u>	<u>33,682,456.33</u>	<u>305,279.72</u>	<u>1,271,460.19</u>	<u>8,498.81</u>
Budget		34,683,123.57			Cancelled	8,498.81
Appropriations by 40A:4-87		584,571.48			Overexpended	(0.00)
		<u>35,267,695.05</u>				<u>8,498.81</u>
Reserve for Uncollected Taxes			578,680.81			
Federal and State Grants			634,197.80			
Disbursements			32,469,577.72			
			<u>33,682,456.33</u>			

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EXHIBIT - B
TRUST FUND

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

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 2,644.18	\$ 2,239.58
	<u>2,644.18</u>	<u>2,239.58</u>
<u>Length of Service Award Programs (LOSAP)</u>		
Investments		
Mutual Funds	612,814.10	723,002.54
Employer Contribution Receivable	42,921.84	44,410.31
	<u>655,735.94</u>	<u>767,412.85</u>
<u>Other Funds</u>		
Cash and Investments	2,668,090.20	2,819,858.03
Due from Current Fund	4,324.54	4,324.54
	<u>2,672,414.74</u>	<u>2,824,182.57</u>
	<u>\$ 3,330,794.86</u>	<u>\$ 3,593,835.00</u>

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

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

	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Dog Expenditures	\$ 817.60	\$ 778.40
Due to Current Fund	1,825.38	1,455.78
Due to State of New Jersey	1.20	5.40
	<u>2,644.18</u>	<u>2,239.58</u>
<u>Length of Service Award Programs (LOSAP)</u>		
Net Assets Available for Benefits	<u>655,735.94</u>	<u>767,412.85</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Sale Certificates	18,555.56	40,090.23
Premiums Received at Tax Sale	529,400.00	911,800.00
Due to Grant Fund	-	4,878.98
Reserve for Tourism Development	43,546.53	40,930.07
Reserve for Recreation	91,149.48	111,184.45
Reserve for Parking Offenses Adjudication Act	18,017.11	15,771.11
Reserve for Public Defender	15,994.52	15,744.52
Reserve for Municipal Alliance	19,147.65	19,147.27
Reserve for D.A.R.E.	154.18	1,078.68
Reserve for HEREFORD Lighthouse	21,474.59	34,313.81
Reserve for Forefeiture Trust	8,758.24	7,954.80
Reserve for Flex Savings	508.56	305.45
Reserve for Off Duty Police	176,225.76	102,264.99
Reserve for Recreation - Junior Lifeguards	3,957.48	3,789.21
Reserve for Lifeguard Pension	171,385.91	163,733.95
Reserve for Fire Prevention	24,469.92	22,087.28
Reserve for Small Cities Escrow	256,704.50	236,097.76
Reserve for Municipal Parking Improvements	8,565.76	8,503.22
Reserve for Developers' Escrow	1,016,175.85	875,072.88
Reserve for UEZ 2nd Generation Funds	15,100.00	15,000.00
Reserve for Memorials/Beautification Enhancement	39,070.37	75,381.14
Reserve for UCC Third Party	194,052.77	119,052.77
	<u>2,672,414.74</u>	<u>2,824,182.57</u>
	<u>\$ 3,330,794.86</u>	<u>\$ 3,593,835.00</u>

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 5,603,677.78	2,385,481.63
Deferred Charges to Future Taxation -		
Funded	54,045,669.80	58,162,975.79
Unfunded	22,682,000.00	18,825,000.00
Interfunds and Receivables		
NJEIT Receivable - 2017/A	65,841.00	65,841.00
	<u>82,397,188.58</u>	<u>79,439,298.42</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	922,283.51	881,984.27
Interfunds:		
Due to Federal & State Grant Fund	-	4,636.03
Bond Anticipation Notes Payable	3,325,000.00	-
Serial Bonds Payable	37,060,000.00	40,425,000.00
Wastewater Treatment Trust Bonds	3,715,000.00	3,945,000.00
Wastewater Treatment Trust Loan	7,401,045.90	7,802,373.94
Green Trust Loan Payable	18,108.12	25,102.84
U.S.D.A. Bonds Payable	5,851,515.78	5,965,499.01
Improvement Authorizations:		
Funded	2,276,347.31	1,514,878.95
Unfunded	19,192,496.40	18,452,979.70
Reserve for ARP Funds	0.01	-
Reserve for Equipment Purchases	80,000.00	-
Reserve for Debt Service	1,934,969.43	241,683.77
Capital Improvement Fund	572,892.21	32,630.00
Fund Balance	47,529.91	147,529.91
	<u>\$ 82,397,188.58</u>	<u>79,439,298.42</u>

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

2021	18,825,000.00
2022	19,357,000.00

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

	<u>2022</u>	<u>2021</u>
Beginning Balance January 1	\$ 147,529.91	387,529.91
Decreased by:		
2022 Budget - Capital Surplus	100,000.00	240,000.00
Ending Balance December 31	\$ <u>47,529.91</u>	<u>147,529.91</u>

EXHIBIT - D
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2022</u>	<u>2021</u>
<u>General Fixed Assets</u>		
Land and Land Improvements	\$ 100,571,985.00	\$ 100,279,422.00
Buildings	18,731,786.00	18,865,271.00
Machinery and Equipment	10,880,211.00	9,749,575.00
	<u>\$ 130,183,982.00</u>	<u>\$ 128,894,268.00</u>
 Investment in General Fixed Assets	 \$ 130,183,982.00	 \$ 128,894,268.00
	<u>\$ 130,183,982.00</u>	<u>\$ 128,894,268.00</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021
(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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)**

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.

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

F. Recent Accounting Pronouncements Not Yet Effective

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement, which is effective for fiscal periods beginning after December 31, 2022, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No 14 and No. 84, and a supersession of GASB Statement No. 32. This statement, which is effective for fiscal years beginning after June 15, 2021, will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, will not have an effect on the City's financial statements.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$578,680.81 and \$587,488.94. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 statutory budgets was \$3,525,000.00 and \$3,400,000.00

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 2022 and 2021 calendar years:

<u>Current Fund</u>	<u>2022</u>	<u>2021</u>
General Administration		
Salaries and Wages	(30,000.00)	
Financial Administration		
Salaries and Wages	30,000.00	
Lifeguards		
Salaries and Wages	27,500.00	
Other Expenses	(27,500.00)	
Public Building and Grounds		
Other Expenses		(32,420.04)
Garbage and Trash		
Other Expenses		1,465.79
Cape May County Tipping Fees		3,656.25
Utility Authority - Sewer Charges		6,298.00
Social Security System		21,000.00

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 2022 and 2021, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2021</u>	<u>2021</u>
Small Cities CDBG		\$ 400,000.00
NJ DOT Reconstruction East 5th Avenue		200,000.00
Body Armor Fund		2,218.72
Assistance to Firefighters Grant		18,756.19
American Rescue Plan	393,553.77	-
Body Worn Camera Grant		101,900.00
UEZ Security Camera Grant	40,755.00	-
UEZ Infrastructure Repair Project	34,097.00	-
Firefighters Grant	87,765.71	
USDA Lucas Devices	28,400.00	

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 did not approve any Emergencies in 2022.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City did not approve any Special Emergencies in 2022.

NOTE 3: INVESTMENTS

As of December 31, 2022 and 2021, 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, 2022 and 2021 amounted to \$612,814.10 and \$723,002.54, 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, 2022, \$2,715,287.13 of the municipality's bank balance of \$21,315,342.77 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021:

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Land	\$ 100,279,422.00	292,563.00		100,571,985.00
Building	18,865,271.00		133,485.00	18,731,786.00
Equipment and Machinery	9,749,575.00	1,278,098.00	147,462.00	10,880,211.00
	<u>\$ 128,894,268.00</u>	<u>1,570,661.00</u>	<u>280,947.00</u>	<u>130,183,982.00</u>
	Balance 12/31/2020	Additions	Adjustments/ Retirements	Balance 12/31/2021
Land	\$ 100,450,987.00		171,565.00	100,279,422.00
Building	19,025,100.00		159,829.00	18,865,271.00
Equipment and Machinery	8,621,899.00	1,144,275.00	16,599.00	9,749,575.00
	<u>\$ 128,097,986.00</u>	<u>1,144,275.00</u>	<u>347,993.00</u>	<u>128,894,268.00</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/21	Issued	Retired	Balance 12/31/22
Bond Anticipation Notes payable:				
General	\$ -	3,325,000.00		3,325,000.00
	<u>\$ -</u>	<u>3,325,000.00</u>	<u>-</u>	<u>3,325,000.00</u>
	Balance 12/31/20	Issued	Retired	Balance 12/31/21
Bond Anticipation Notes payable:				
General	\$ 20,326,000.00	-	20,326,000.00	-
	<u>\$ 20,326,000.00</u>	<u>-</u>	<u>20,326,000.00</u>	<u>-</u>

There were two notes issued by the City of North Wildwood. The first note was in the amount of \$475,000.00 on 08/3/22 and is due and payable on 08/2/23 with interest at 4.00%.

The second note was in the amount of \$2,850,000 on 8/3/22 and is due and payable on 8/2/23 with interest at 4.00%.

As of December 31, 2022, the entity has authorized but not issued bonds in the amount of \$19,357,000.00 in the General Capital Fund.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022	Amounts Due Within *One Year
Bonds payable:					
General	\$ 50,335,499.01		3,708,983.23	46,626,515.78	3,750,000.00
Total	\$ 50,335,499.01	-	3,708,983.23	46,626,515.78	3,750,000.00
Other liabilities:					*
Loans Payable	\$ 7,827,476.78		408,322.76	7,419,154.02	315,512.22
Compensated Absences Payable	713,850.08	179,742.93	23,569.95	870,023.06	-
Total long-term liabilities	\$ 58,876,825.87	179,742.93	4,140,875.94	54,915,692.86	4,065,512.22
	Balance 12/31/20	Issued	Retired	Balance 12/31/21	Amounts Due Within *One Year
Bonds payable:					
General	\$ 34,780,906.15	19,395,000.00	3,840,407.14	50,335,499.01	3,595,000.00
Total	\$ 34,780,906.15	19,395,000.00	3,840,407.14	50,335,499.01	3,595,000.00
Other liabilities:					*
Loans Payable	\$ 8,236,647.45	-	409,170.67	7,827,476.78	408,322.76
Compensated Absences Payable	692,859.79	180,422.73	159,432.44	713,850.08	-
Total long-term liabilities	\$ 43,710,413.39	19,575,422.73	4,409,010.25	58,876,825.87	4,003,322.76

*Excludes USDA Bonds Payable

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

At December 31, 2022, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$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, 2022 is \$3,550,000.00.

\$14,970,000.00 General Improvement Bonds, dated July 26, 2018, due in annual installments through August 1, 2030, bearing interest at various rates. The balance remaining as of December 31, 2022 is \$11,080,000.00.

\$4,630,000.00 General Improvement Refunding Bonds, dated January 31, 2019, due in annual installments through September 1, 2048, bearing interest at various rates. The balance remaining as of December 31, 2022 is \$4,085,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

\$19,395,000.00 General Improvement Bonds, dated July 15, 2021, due in annual installments through August 1, 2033, bearing interest at 2.00%. The balance remaining as of December 31, 2022 is \$18,345,000.00.

\$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, 2022 is \$0.

\$4,150,000.00 New Jersey Wastewater Treatment Trust Bonds dated May 25, 2017, due in annual installments through August 1, 2046, bearing interest at various rates. The balance remaining as of December 31, 2022 is \$3,715,000.00.

\$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, 2022 is \$0.

\$9,148,515.00 New Jersey Wastewater Treatment Trust Loan dated May 25, 2017, due in semi-annual installments through August 1, 2046, bearing no interest. The balance remaining as of December 31, 2022 is \$7,401,045.90.

\$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, 2022 is \$18,108.12.

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

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, 2022, is \$3,969,577.77.

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, 2022, is \$1,995,921.24.

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

	General Fund	
Year	Principal	Interest
2023	3,750,000.00	1,270,662.50
2024	3,955,000.00	1,140,487.50
2025	4,160,000.00	1,000,937.50
2026	3,155,000.00	853,837.50
2027	3,360,000.00	758,737.50
2028-2032	15,295,000.00	2,233,237.50
2033-2037	3,605,000.00	930,381.28
2038-2042	1,635,000.00	606,275.02
2043-2047	1,680,000.00	244,975.00
2048-2051	180,000.00	9,000.00
	<u>\$ 40,775,000.00</u>	<u>9,048,531.30</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

(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>
2023	315,512.22	326.66
2024	315,655.64	183.25
2025	312,070.96	36.94
2026	308,376.90	-
2027	308,376.90	-
2028-2032	1,541,884.50	-
2033-2037	1,541,884.50	-
2038-2042	1,541,884.50	-
2043-2046	1,233,507.90	-
	<u>7,419,154.02</u>	<u>546.85</u>

As of December 31, 2022, 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 \$1,254,131.65.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

<u>Summary of Municipal Debt</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued:</u>			
Serial Bonds Payable	\$ 37,060,000.00	\$ 40,425,000.00	\$ 24,540,000.00
Notes Payable	3,325,000.00	-	20,326,000.00
NJEIT Bonds Payable	3,715,000.00	3,945,000.00	4,165,000.00
NJEIT Loans Payable	7,401,045.90	7,802,373.94	8,204,687.71
U.S.D.A. Loans Payable	5,851,515.78	5,965,499.01	6,075,906.15
Green Trust Loans Payable	18,108.12	25,102.84	31,959.74
Total Issued	<u>57,370,669.80</u>	<u>58,162,975.79</u>	<u>63,343,553.60</u>
<u>Less :</u>			
Funds Temporarily Held to Pay Bonds and Notes General	\$ 1,934,969.43	\$ 241,683.77	\$ 313,260.94
Total Deductions :	<u>1,934,969.43</u>	<u>241,683.77</u>	<u>313,260.94</u>
Net Debt Issued :	<u>55,435,700.37</u>	<u>57,921,292.02</u>	<u>63,030,292.66</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	\$ 19,357,000.00	\$ 18,825,000.00	\$ -
Total Authorized But Not Issued	<u>19,357,000.00</u>	<u>18,825,000.00</u>	<u>-</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 74,792,700.37</u>	<u>\$ 76,746,292.02</u>	<u>\$ 63,030,292.66</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 2.266%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,110,000.00	4,110,000.00	-
General Debt	76,727,669.80	1,934,969.43	74,792,700.37
	<u>\$ 80,837,669.80</u>	<u>\$ 6,044,969.43</u>	<u>\$ 74,792,700.37</u>

Net Debt \$74,792,700.37 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$3,300,019,643.67 = 2.266%.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	115,500,688.00
Net Debt		74,792,700.37
Remaining Borrowing Power	\$	<u>40,707,987.63</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: LEASE OBLIGATIONS

Operating Leases

The City entered into lease agreements for vehicles with Enterprise Fleet Management. The leases range in dates from April 2019 to September 2022. Each lease is for a term of 60 months.

In September 2022, the City entered into an agreement to lease a postage machine for City Hall. The term for the lease is 60 months. The total monthly payment for the lease is \$252.00.

In December 2019, the City entered into an agreement to lease a copiers for City Hall. The term for the lease is 60 months. The total monthly payment for the lease is \$1,049.15.

In January 2020, the City entered into an agreement to lease a trailer for Public Works. The term for the lease is 60 months. The total monthly payment for the lease is \$553.30.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2022.

Year		Operating
2023	\$	219,032.52
2024		180,196.60
2025		114,517.37
2026		83,450.44
2027		<u>23,056.12</u>
Total minimum lease payments		620,253.05
Less amount representing interest		-
Present value of minimum lease payments	\$	<u>620,253.05</u>

NOTE 9: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2022 and 2021, which were appropriated and included as anticipated revenue in the current fund for the year ending December 31, 2023 and 2022 were as follows:

		<u>2023</u>	<u>2022</u>
Current Fund	\$	3,767,000.00	3,525,000.00

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 10: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022, the City had no deferred charges reflected on the balance sheets.

NOTE 11: SCHOOL TAXES

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

	12/31/2022	12/31/2021
Balance of Tax	\$ 3,803,358.13	\$ 5,039,174.60
Deferred	2,479,787.50	2,479,787.50
Tax Payable	<u>\$ 1,323,570.63</u>	<u>\$ 2,559,387.10</u>

NOTE 12: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/22</u>	<u>Balance 12/31/21</u>
Prepaid Taxes	\$ 1,421,743.56	\$ 1,356,173.76
Cash Liability for Taxes Collected in Advance	<u>\$ 1,421,743.56</u>	<u>\$ 1,356,173.76</u>

NOTE 13: 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

Police and Fireman's Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% through June 30, 2019 and 7.50% 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 13.32% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2022, 2021, and 2020 were \$489,393.00, \$472,270.00, and \$402,507.00.

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 27.75% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2022, 2021, and 2020 were \$1,161,173.00, \$1,011,575.00, and \$946,327.64.

The total payroll for the year ended December 31, 2022, 2021 and 2020 was \$10,382,867.06, \$9,555,378.92, and \$8,959,613.36. Payroll covered by PFRS was \$3,579,729.00, \$3,410,054.00, and \$3,224,218.00. Payroll covered by PERS was \$4,103,698.00, \$3,022,735.00, and \$3,063,467.00.

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, 2022, 2021, and 2020 was \$27,511.12, \$19,585.28, and \$20,500.68. The City's trust for the Lifeguard Pension at December 31, 2022 was \$171,385.91. Currently there are eleven individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2022, 2021 and 2020 were \$48,476.98, \$70,871.06, and \$48,951.68.

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.

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

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.

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YEARS ENDED DECEMBER 31, 2022 AND 2021
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NOTE 14: 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, 2021:

Public Employees' Retirement System

The Municipality has a liability of \$4,950,485 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. 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, 2021, the Municipality's proportion would be 0.04178859360%, which would be an decrease of 3.20% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of (\$619,051). At December 31, 2021, 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	\$ 78,076	\$ 35,440
Changes of assumptions	25,782	1762405
Changes in proportion	494,935	292,352
Net difference between projected and actual earnings on pension plan investments		1,304,088
Total	<u>\$ 598,793</u>	<u>\$ 3,394,285</u>

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,	
2022	\$ 1,089,169
2023	777,664
2024	530,234
2025	398,579
2026	(155)
Total	<u>\$ 2,795,492</u>

NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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 Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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 or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 6,059,385	\$ 4,950,485	\$ 4,010,622

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

Police and Firemen's Retirement System

The Municipality has a liability of \$7,282,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2020 that was rolled forward to June 30, 2021. 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, 2021, the Municipality's proportion would be 0.09963179360%, which would be an increase of 10.03% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of (\$587,135). At December 31, 2021, 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	\$ 83,082	\$ 872,337
Changes of assumptions	38,749	218,245
Changes in proportion	1,487,961	118,537
Net difference between projected and actual earnings on pension plan investments		3,103,199
Total	<u>\$ 1,609,792</u>	<u>\$ 6,276,527</u>

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,	
2022	\$ 1,494,000
2023	1,121,461
2024	962,292
2025	948,937
2026	119,696
Thereafter	20,348
Total	<u>\$ 4,666,735</u>

NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.75%
Salary increases:	3.25% - 15.25% (based on years of service)
Investment rate of return:	7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

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(CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2021, 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:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Municipality's proportionate share of the net pension liability	10,290,740.66	7,282,239.00	4,777,940.52

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, 2021 State special funding situation net pension liability amount of \$2,036,258,082.00 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, 2021 State special funding situation pension expense of \$228,944,734.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2021. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially determined amount.

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 0.09963179360% for 2021. The net pension liability amount allocated to the Municipality was \$2,048,128. For the fiscal year ending June 30, 2021 State special funding situation pension expense of \$228,102.00 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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NOTE 15: 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

Firefighter's are entitled to receive benefits (Health/Prescription) 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. Under no circumstance shall an employee receive retiree medical/prescription benefits without having 25+ years of service with the City. Retirement (Health/Prescription) benefits are only good for 2 years after they retire.

Policemen Benevolent Association Wildwood Local 59

Depending upon the employee's date of hire, he/she shall be entitled to receive health care benefits provided by the City at the expense of the City of North Wildwood for one of the following periods:

Employees are entitled to retirement (Health/Prescription) benefits (eff. 1/1/12) after 25+ years of service. Anyone employed prior to 1/1/12 only needs 20+ years of service in the City of North Wildwood.

Officer's are entitled to receive (Health/Prescription) 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.

For employees hired on or after January 1, 2016: For a period often (10) consecutive years. The ten (10) year period may commence immediately upon an employee's retirement. In the alternative, at the time of retirement, an employee may waive retiree group health care coverage and retain his/her right to enroll at a later date for an alternate full ten (10) consecutive year period, provided that the employee is covered through other health insurance as either an employee through other employment or as a dependent of the employee's spouse/civil union partner. In the event the "other coverage" is lost, the employee must re enroll within 60 days of the loss of coverage or the employee forfeits the ability to enroll in the health care program.

For employees hired between June 28, 2011 and December 31, 2015: For a period of fifteen (15) consecutive years. The fifteen (15) year period may commence immediately upon an employee's retirement. In the alternative, at the time of retirement, an employee may waive retiree group health care coverage and retain

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his/her right to enroll at a later date for an alternate full fifteen (15) consecutive year period, provided that the employee is covered through other health insurance as either an employee through other employment or as a dependent of the employee's spouse/civil union partner. In the event the "other coverage" is lost, the employee must re-enroll within 60 days of the loss of coverage or the employee forfeits the ability to enroll in the health care program. (i)

The parties recognize that Officers Robinson and Elliott have purchased pensionable time from the State's PFRS and, therefore, because of this purchased pension time, the parties agree that Officers Robinson and Elliott shall be eligible for retiree health care benefits for Seventeen (17) consecutive years of retiree health care coverage. The intent of this paragraph is to grandfather only Officers Robinson and Elliott and no other employee shall be given years of credit for purchased pension time for the purposes of receiving retiree health care benefits.

For employees hired prior on or before June 27, 2011: For a period of twenty (20) consecutive years. The twenty (20) year period may commence immediately upon an employee's retirement. In the alternative, at the time of retirement, an employee may waive retiree group health care coverage and retain his/her right to enroll at a later date for an alternate full twenty (20) consecutive year period, provided that the employee is covered through other health insurance as either an employee through other employment or as a dependent of the employee's spouse/civil union partner. In the event the "other coverage" is lost, the employee must re-enroll within 60 days of the loss of coverage or the employee forfeits the ability to enroll in the health care program.

Under no circumstance shall an employee receive retiree medical/prescription benefits without having 25+ years of service with the City.

United Public Service Employees Union – Public Service Employee's are entitled to receive (Health/Prescription) 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.

Retirement (Health/Prescription) benefits are only good for 3 years after they retire. Under no circumstance shall an employee receive retiree medical/prescription benefits without having 25+ years of service with the City.

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

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City of North Wildwood on a monthly basis. The rates charged by the system for the year ended December 31, 2022 vary according to the type of coverage selected by the retiree and range from \$1,199.66 to \$2,975.20 monthly per retiree.

The City of North Wildwood contributions to SHBP for post-retirement benefits for the year ended December 31, 2022, 2021, and 2020 were \$395,984.34, \$270,060.94, and \$235,796.56 respectively, which equaled the required contribution for the year.

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NOTE 16 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the

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Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2021 is as follows:

	June 30, 2021	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,050,052,887	\$ 21,376,317
Plan Fiduciary Net Position	50,271,652	59,536
Net OPEB Liability	<u>\$ 17,999,781,235</u>	<u>\$ 21,316,781</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

At June 30, 2021 the City's proportionate share of the Collective Net OPEB Liability was \$21,316,781. The State's proportionate share for the Special Funding Situation that is associated with the City is \$4,039,830. The City's proportion of the Collective Net OPEB Liability was 0.118428% which was an increase from the prior year of 60.26%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.104622% which was a decrease from the prior year of 57.64%.

City's Proportionate Share of Collective Net OPEB Liability	\$	21,316,781
State's proportionate share that is associated with the City		4,039,830
Total	\$	<u>25,356,611</u>

For the Year ended June 30, 2021 the City's Total OPEB Expense was \$1,498,286 and the State of New Jersey realized Total OPEB Expense in the amount of -\$64,850 for its proportionate share of Total OPEB Expense that is associated with the Municipality.

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	
PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the Net OPEB 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 (1.16%)		Discount Rate (2.16%)		1% Increase (3.16%)
Collective						
Net OPEB Liability	\$	21,182,289,882	\$	17,999,781,235	\$	15,447,574,697
Proportionate Share						
Net OPEB Liability	\$	25,085,762	\$	21,316,781	\$	18,294,254

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective						
Net OPEB Liability	\$	15,017,879,689	\$	17,999,781,235	\$	21,890,793,528
Proportionate Share						
Net OPEB Liability	\$	17,785,375	\$	21,316,781	\$	25,924,829

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 403,893,589	\$ (3,765,820,027)	\$ 10,193	\$ (4,459,785)
Changes of assumptions	2,589,322,345	(3,181,672,721)	3,066,483	(3,767,991)
Net difference between projected and actual earnings on OPEB plan investments	8,606,416		478,323	
Changes in proportion and differences between contributions and proportionate share of contributions	5,534,468,995	(5,534,468,995)	9,224,135	(1,124,863)
Total	<u>\$ 8,536,291,345</u>	<u>\$ (12,481,961,743)</u>	<u>\$ 12,779,134</u>	<u>\$ (9,352,639)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals	Proportionate Share
2022	\$ (1,074,753,405)	933,336
2023	(1,076,167,210)	934,564
2024	(1,077,459,075)	935,686
2025	(769,416,743)	668,176
2026	(129,344,414)	112,325
Thereafter	181,470,449	(157,592)
Total	<u>\$ (3,945,670,398)</u>	<u>3,426,495</u>

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2021 are as follows:

Service cost	\$ 846,075,674
Interest on Total OPEB Liability	413,837,061
Expected Investment Return	(2,381,937)
Administrative Expenses	11,334,383
Changes of Benefit Terms	2,029,119
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(703,565,089)
Changes in Assumptions	(375,284,907)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,971,262
Total Collective OPEB Expense	<u>\$ 197,015,566</u>

Schedule of City's Share of Net OPEB Liability

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	\$ 0.11843%	0.07390%	0.07333%	0.08111%
City's Share of Net OPEB Liability	21,316,781.00	13,262,008.00	9,932,657.00	12,707,194.00
City's Covered Payroll	7,683,427.00	6,432,789.00	6,287,748.00	5,922,555.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	277.44%	206.16%	157.97%	214.56%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.97%	1.97%	1.98%

NOTE 17: 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 \$870,023.06 in 2021 and \$713,850.08 in 2021. 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 18: ECONOMIC DEPENDENCY

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

NOTE 19: 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, 2022 and 2021 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 \$500,000 under JIF, which increases to \$4,500,000 under MEL.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 20: 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:

Mass Mutual
 Nationwide Retirement Solutions

NOTE 21: 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.

NOTE 22: INTERFUND BALANCES

During the most current calendar year ended December 31, 2022, 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	\$ 1,825.38	
Trust -TTL Redemption		4,324.54
Grant Fund		109,318.46
Grant Fund:		
Current Fund	109,318.46	
Trust Fund:		
Current - Animal Control Fund		1,825.38
Current - TTL Redemption	4,324.54	
	\$ <u>115,468.38</u>	<u>115,468.38</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 remaining immaterial inter-funds are due to amounts that should have been transferred to the proper bank accounts from prior years.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)**

NOTE 23: 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, 2022 is \$80,000.00.

NOTE 24: 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 \$40,000.00 in 2022 and 2021 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 25: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through August 4, 2023, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Counsel
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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of North Wildwood, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 4, 2023, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of North Wildwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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

Purpose of this Report

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

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

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

August 4, 2023

CITY OF NORTH WILDWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2022

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 2022.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2021	\$ 13,914,205.68	
Increased by Receipts:		
Tax Collector	44,424,435.77	
Homestead Rebate	31,887.55	
Revenue Accounts Receivable	4,048,906.87	
Miscellaneous Revenue Not Anticipated	590,022.48	
Due from State - Veterans and Senior Citizens	57,364.72	
Payroll Deductions Payable	10,789,233.51	
Reserve for Municipal Relief Fund	23,057.85	
Marriage License Fees Due to State	475.00	
Reserve for 1.85% Room Tax	404,174.46	
Due from Trust	4,878.98	
Due from General Capital	4,636.03	
Due to Current Fund		34,582.08
Federal and State Unappropriated		259,587.26
Federal and State Receivables		340,752.00
	<u>60,379,073.22</u>	<u>634,921.34</u>
	74,293,278.90	634,921.34
Decreased by Disbursements:		
Current Year Appropriation	32,469,577.72	
Prior Year Appropriations	359,081.52	
County Taxes	8,986,785.43	
County Added and Omitted Taxes	38,561.43	
Local District School Taxes	8,845,424.47	
Special District Taxes	62,500.00	
Payroll Deductions Paid	10,782,297.39	
Accounts Payable	2,433.54	
Refund of Tax Overpayments	29,100.05	
Refund of Sewer Overpayments		
Refund of Prior Year Revenue	250.00	
Due to State - Marriage Licenses	600.00	
Due to Federal and State Grant Fund	34,582.08	
Due to GWTIDA	3,745.00	
Federal and State Disbursements		634,921.34
	<u>61,614,938.63</u>	<u>634,921.34</u>
Balance December 31, 2022	\$ <u><u>12,678,340.27</u></u>	<u><u>-</u></u>

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

Balance December 31, 2021		\$	-
Increased by Receipts:			
Prepaid Taxes	1,421,743.56		
Overpaid Taxes	56,510.42		
Taxes Receivable	37,538,668.44		
Sewer Overpaymnets	96,891.89		
Revenue Accounts Receivable	<u>5,310,621.46</u>		
			<u>44,424,435.77</u>
			44,424,435.77
Payments to Treasurer			<u>44,424,435.77</u>
Balance December 31, 2022		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2021	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2022
				2021	2022			
Arrears	\$				975.98	(975.98)		-
	-	-	-	-	975.98	(975.98)	-	-
2022		38,912,970.15	137,162.52	1,356,173.76	37,651,712.28	35,685.04	75.81	6,485.78
	\$	-	38,912,970.15	137,162.52	1,356,173.76	37,652,688.26	34,709.06	75.81
					37,538,668.44	Cash Receipts		
					56,685.75	Senior Citizens and Veterans		
					31,887.55	Homestead Rebate		
					25,446.52	Overpayments applied/recorded		
					37,652,688.26			
<u>Analysis of Current Year Tax Levy</u>								
		Tax Yield:						
		General Property Tax			38,912,970.15			
		Special District Taxes			62,500.00			
		Added Taxes (54:4-63.1 et. Seq.)			137,162.52			
						39,112,632.67		
		Tax Levy:						
		General County Taxes			7,566,299.48			
		County Library Taxes			1,097,699.90			
		County Open Space Taxes			322,786.05			
		Special District Tax			62,500.00			
		County Added and Omitted Taxes			31,863.14			
			Total County Taxes			9,081,148.57		
		Local School District Tax				7,609,608.00		
		Local Tax for Municipal Purposes			22,178,720.96			
		Add: Additional Tax Levied			243,155.14			
						22,421,876.10		
						39,112,632.67		

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$	1,066.26
Increased by:			
Transfers from Taxes Receivable	75.81		
Interest and Costs Accrued by Sale of December 29, 2021			
	<hr/>		<hr/>
			75.81
Balance December 31, 2022		\$	<u><u>1,142.07</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Collected by		Balance Dec. 31, 2022
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$	58,950.00		58,950.00	-
Other		111,429.50		111,429.50	-
Fees and Permits		713,428.83		713,428.83	-
Fines and Costs:					
Municipal Court	12,833.44	209,263.58		213,973.90	8,123.12
Interest and Costs on Taxes		70,395.60	70,395.60		-
Interest Earned on Investments		134,836.71		134,836.71	-
Parking Meters		1,034,670.38		1,034,670.38	-
Emergency Rescue Services		294,339.27		294,339.27	-
Fire Inspection Fees		210,512.00		210,512.00	-
County Debt Service		290,000.00		290,000.00	-
Sewer Rents	338,011.57	5,244,350.08	5,240,225.86		342,135.79
Tram Car Lease		37,500.00		37,500.00	-
Rental of City Property		134,751.00		134,751.00	-
Energy Receipts Tax		442,027.00		442,027.00	-
Reserve to Pay Debt Service		114,000.00		114,000.00	-
Middle Township - Municipal Court		54,999.99		54,999.99	-
Wildwood Crest - Municipal Courts		68,766.41		68,766.41	-
Uniform Fire Safety		34,721.88		34,721.88	-
1.85% Beach Maintenance		357,199.29		357,199.29	-
Capital Surplus		100,000.00		100,000.00	-
Miscellaneous Revenue Not Anticipated		590,022.48		590,022.48	-
	<u>\$ 350,845.01</u>	<u>10,306,164.00</u>	<u>5,310,621.46</u>	<u>4,996,128.64</u>	<u>350,258.91</u>
			Cash	4,638,929.35	
			Reserve for 1.85% Beach Maintenance	357,199.29	
			Total	<u>4,996,128.64</u>	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
General Administration				
Salaries and Wages	\$ 7,133.95	7,133.95		7,133.95
Other Expenses	14,214.50	14,214.50	13,639.39	575.11
Mayor and Council				
Salaries and Wages	744.73	744.73		744.73
Other Expenses	269.05	269.05		269.05
Municipal Clerk				
Salaries and Wages	4,690.36	4,690.36		4,690.36
Other Expenses	5,164.52	5,164.52	1,929.96	3,234.56
Financial Administration				
Salaries and Wages	7,224.68	7,224.68		7,224.68
Other Expenses	25,471.21	25,471.21	927.49	24,543.72
Ambulance Billing Administration Fee				
Other Expenses	9,715.15	9,715.15	1,450.52	8,264.63
Tax Assessment Administration				
Salaries and Wages	670.57	670.57		670.57
Other Expenses	36,683.62	36,683.62	1,795.85	34,887.77
Revenue Administration (Tax Collection)				
Salaries and Wages	1,366.05	1,366.05		1,366.05
Other Expenses	11,101.13	11,101.13	2,080.49	9,020.64
Legal Services				
Other Expenses	23,521.70	23,521.70	14,388.76	9,132.94
Engineering Services and Costs				
Other Expenses	2,334.02	2,334.02		2,334.02
LAND USE ADMINISTRATION				
Zoning Board of Adjustment				
Salaries and Wages	210.40	210.40		210.40
Other Expenses	14,335.13	14,335.13	10,000.00	4,335.13

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed
INSURANCE				
General Liability	34,677.00	34,677.00		34,677.00
Employee Group Health Insurance	239,211.50	239,211.50		239,211.50
PUBLIC SAFETY				
Fire Department				
Salaries and Wages	145,505.92	145,505.92		145,505.92
Other Expenses	58,014.97	58,014.97	54,638.87	3,376.10
Fire Safety Act				
Salaries and Wages	16,102.47	16,102.47		16,102.47
Other Expenses	12,542.76	12,542.76	3,057.08	9,485.68
Aid to Volunteer Fire Company				
Other Expenses	3,000.00	3,000.00	3,000.00	-
Police Department				
Salaries and Wages	158,510.07	158,510.07		158,510.07
Other Expenses	84,186.35	84,186.35	50,167.70	34,018.65
Office of Emergency Management				
Salaries and Wages	2,614.76	2,614.76		2,614.76
Other Expenses	8,488.39	8,488.39	3,020.34	5,468.05
Municipal Court				
Salaries and Wages	7,319.72	7,319.72		7,319.72
Other Expenses	5,877.87	5,877.87	72.00	5,805.87
PUBLIC WORKS				
Public Works Department				
Salaries and Wages	183,409.39	183,409.39		183,409.39
Other Expenses	53,960.50	53,960.50	32,416.43	21,544.07
Garbage and Trash				
Other Expenses	7,652.00	7,652.00	7,650.00	2.00
Public Buildings and Grounds				
Salaries and Wages	88,882.60	88,882.60		88,882.60
Other Expenses	207,875.18	207,875.18	97,974.72	109,900.46
Fleet Maintenance				
Other Expenses	124,108.98	124,108.98	32,520.17	91,588.81

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed
HEALTH AND HUMAN SERVICES				
Dog Regulation				
Other Expenses	19,573.55	19,573.55	180.00	19,393.55
PARKS AND RECREATION				
Lifeguards				
Salaries and Wages	49,074.31	49,074.31		49,074.31
Other Expenses	6,767.82	6,767.82		6,767.82
Recreation Center				
Salaries and Wages	15,087.83	15,087.83		15,087.83
Other Expenses	2,623.68	2,623.68	1,741.73	881.95
UNIFORM CONSTRUCTION CODE				
Construction Official				
Salaries and Wages	7,558.27	7,558.27		7,558.27
Other Expenses	7,546.76	7,546.76	2,355.00	5,191.76
UNCLASSIFIED				
Celebration of Public Events, Anniversary or Holiday				
Other Expenses	21,131.60	21,131.60	1,003.00	20,128.60
UTILITY EXPENSES AND BULK PURCHASES				
Electric	2,504.78	2,504.78		2,504.78
Street Lighting	98,725.60	98,725.60	13,539.56	85,186.04
Telephone	35,484.49	35,484.49	1,810.41	33,674.08
Natural Gas	20,145.36	20,145.36	6,687.65	13,457.71
Water	7,368.50	7,368.50		7,368.50
Gasoline	7,173.17	7,173.17	1,034.40	6,138.77
Traffic Lights	4.41	4.41		4.41
LANDFILL / SOLID WASTE DISPOSAL COSTS				
Contingent	500.00	500.00		500.00

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed
STATUTORY EXPENDITURES				
Contribution to:				
Social Security System (O.A.S.I.)	1,611.47	1,611.47		1,611.47
Unemployment Compensation Insurance	3,279.30	3,279.30		3,279.30
Lifeguard Pension	4,414.72	4,414.72		4,414.72
Retirement Reserve	9,000.00	9,000.00		9,000.00
Defined Contribution Retirement Program	220.44	220.44		220.44
OPERATIONS EXCLUDED FROM "CAPS"				
Length of Service Award Program (LOSAP)	3,745.50	3,745.50		3,745.50
	<u>1,930,332.76</u>	<u>1,930,332.76</u>	<u>359,081.52</u>	<u>1,571,251.24</u>
	\$			

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

Balance December 31, 2021		
School Tax Payable	\$ 2,559,387.10	
School Tax Deferred	<u>2,479,787.50</u>	
		\$ 5,039,174.60
Increased by:		
Levy - School Year July 1 to June 30		<u>7,609,608.00</u>
		12,648,782.60
Decreased by:		
Payments		<u>8,845,424.47</u>
Balance December 31, 2022		
School Tax Payable	1,323,570.63	
School Tax Deferred	<u>2,479,787.50</u>	
		<u>3,803,358.13</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		8,845,424.47
Tax Payable Ending		<u>1,323,570.63</u>
		10,168,995.10
Less: Tax Payable Beginning		<u>2,559,387.10</u>
Amount charged to Current Year Operations		<u>\$ 7,609,608.00</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred From 2022 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2022</u>
FEDERAL GRANTS:				
Small Cities Block Grant				
CDBG 2019 - Lou Booth Amphitheater	\$ 400,000.00			400,000.00
CDBG 2020 - 22nd Ave ADA Beach & Boardwalk	400,000.00			400,000.00
CDBG 2021 - Veterans Park ADA Improvements	400,000.00			400,000.00
FEMA Firefighters Grant		87,765.71		87,765.71
USDA Lucas Devices		28,400.00		28,400.00
USDA Rural Development Dual Band Radios - 2020	28,000.00		28,000.00	-
FEMA - Assistance to Firefighters Grant - 2021-22	18,756.19			18,756.19
Total Federal	<u>1,246,756.19</u>	<u>116,165.71</u>	<u>28,000.00</u>	<u>1,334,921.90</u>
STATE GRANTS:				
N.J. Transportation Trust Fund				
2013/2014 - Pedestrian Multi-Modal Olde NJ Ave & Spruce	450,000.00			450,000.00
2019/2020 - NJDOT E 22nd Ave Reconstruction	50,000.00		50,000.00	-
2020/2021 - NJDOT East 7th Ave	46,250.00			46,250.00
2021/2022 - East 5th Avenue	200,000.00			200,000.00
UEZ Security Camera Grant		40,755.00	40,755.00	3,366,093.80
UEZ Infrastructure Repair Project		34,097.00	34,097.00	-
Sustainable New Jersey 2019-2020	5,000.00			5,000.00
LEAP - Challenge - Shore Communities 2020-2021	95,800.00		86,000.00	9,800.00
Body Worn Camera 2021-2022	101,900.00		101,900.00	-
Total State	<u>948,950.00</u>	<u>74,852.00</u>	<u>312,752.00</u>	<u>4,077,143.80</u>
	<u>\$ 2,195,706.19</u>	<u>191,017.71</u>	<u>340,752.00</u>	<u>5,412,065.70</u>

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2021		2022 Appropriations	Disbursed	Encumbrances	Balance
	Appropriated	Reserve for Encumbrances				Dec. 31, 2022
FEDERAL GRANTS:						
Small Cities Block Grant :						
CDBG 2019 - Lou Booth Amphitheater	\$	400,000.00				400,000.00
CDBG 2020 - 22nd Avenue ADA Beach & Boardwa		400,000.00				400,000.00
CDBG 2021 - Veterans Park ADA Improvements		400,000.00				400,000.00
FEMA - Assistance to Firefighters Grant - 2021-2022		64.13	18,692.06	18,692.06		64.13
COPS in Shops - 2020 - 2021		2,595.48				2,595.48
FEMA Firefighters Grant			87,765.71		87,765.71	-
USDA Lucas Devices			28,400.00		28,400.00	-
American Rescue Plan Act of 2021			393,553.77	393,553.77		-
Total Federal	\$	1,202,659.61	509,719.48	412,245.83	116,165.71	1,202,659.61
STATE GRANTS:						
Drunk Driving Enforcement 2017-2018	\$	709.10				709.10
Drunk Driving Enforcement 2020-2021		4,722.56				4,722.56
N.J. Transportation Trust Fund :						
2013/2014 - Pedestrian Multi-Modal Olde NJ Ave &		450,000.00				450,000.00
2021/2022 - East 5th Avenue		200,000.00				200,000.00
LEAP - Challenge - Shore Communities 2020-2021		9,800.00	34,400.00	34,400.00		9,800.00
Body Worn Camera 2021-2022			101,900.00	101,900.00		-
Recycling Tonnage Grant - 2017-18		3,372.17				3,372.17
Law and Public Safety - Distracted Driver 19-20		6,385.60				6,385.60
Recycling Tonnage Grant			13,093.27			13,093.27
Clean Communities - 2019 - 2020			15,748.13	15,748.13		-
Clean Communities - 2021 - 2022		34,311.66		34,311.66		-
Clean Communities - 2022 - 2023			36,533.05			36,533.05
UEZ Security Camera Grant			40,755.00			40,755.00
UEZ Infrastructure Repair Project			34,097.00	34,097.00		-
Body Armor Grant 2021-22		2,218.72		2,218.72		-
Sustainable New Jersey 2019-2020		3,793.60				3,793.60
Seat Belt Initiative - 2020-2021		4,490.32				4,490.32
Total State	\$	719,803.73	124,478.32	222,675.51	-	773,654.67
	\$	1,922,463.34	634,197.80	634,921.34	116,165.71	1,976,314.28

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred To 2022 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2022</u>
STATE GRANTS:				
Clean Communitites 2022-2023			36,682.65	36,682.65
Clean Communitites 2021-2022	36,533.05	36,533.05		-
American Rescue Plan Act of 2021	196,776.88	393,553.77	196,776.89	-
Body Armor - 2022			3,557.16	3,557.16
Seatbelt Initiative			6,720.00	6,720.00
Recycling Tonnage	13,093.27	13,093.27	15,850.56	15,850.56
Total State	<u>246,403.20</u>	<u>443,180.09</u>	<u>259,587.26</u>	<u>62,810.37</u>
\$	<u>246,403.20</u>	<u>443,180.09</u>	<u>259,587.26</u>	<u>62,810.37</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2021		\$	2,239.58
Increased By Receipts:			
Dog Licenses Fees - City Share	\$	408.80	
Dog Licenses Fees Collected - State Share		213.00	
			<u>621.80</u>
			2,861.38
Decreased By Disbursements:			
State of New Jersey		217.20	
Due to Current Fund			
			<u>217.20</u>
Balance December 31, 2022		\$	<u><u>2,644.18</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other	
Balance December 31, 2021	\$	2,819,858.03
Increased By Receipts:		
Tourism Development	\$ 45,722.50	
Recreation	229,751.68	
Public Defender	250.00	
Municipal Alliance	0.38	
HEREFORD Lighthouse	49,796.00	
Memorials/Beautification Enhancement	39,030.00	
Off Duty Police	115,308.52	
D.A.R.E. Program	425.00	
Recreation - Junior Lifeguards	11,605.00	
Fire Prevention	2,382.64	
Lifeguard Pension	56,128.94	
Forfeited Property	803.44	
Tax Premiums	378,300.00	
Tax Title Liens	701,546.70	
Small Cities Escrow	20,606.74	
Developers Escrow	496,849.70	
Municipal Parking Capital Improvement Account	62.54	
UCC Third Party	526,622.00	
Flex Savings	1,690.00	
Due from POAA - Current	2,246.00	
UEZ 2nd Generation Funds	100.00	
		2,679,227.78
		5,499,085.81
Decreased by Disbursements:		
Tourism Development	43,106.04	
Recreation	249,786.65	
Off Duty Police	41,347.75	
D.A.R.E. Program	1,349.50	
Recreation - Junior Lifeguards	11,436.73	
HEREFORD Lighthouse	62,635.22	
Memorials/Beautification Enhancement	75,340.77	
UCC Third Party	451,622.00	
Lifeguard Pension	48,476.98	
Developers Escrow	355,746.73	
Tax Premiums	760,700.00	
Tax Title Liens	723,081.37	
Flex Savings	1,486.89	
Due to Grant Fund Fund	4,878.98	
		2,830,995.61
Balance December 31, 2022	\$	2,668,090.20

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$	
			778.40
Increased By:			
Dog Licenses Fees Collected - City Share	\$	408.80	
		<u> </u>	
			408.80
			<u>408.80</u>
Decreased By:			
Statutory Excess Due to Current Fund		369.60	
		<u> </u>	
			369.60
Balance December 31, 2022		\$	<u><u>817.60</u></u>

License Fees Collected

Year

2020	\$	389.20
2021		<u>428.40</u>
	\$	<u><u>817.60</u></u>

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

Balance December 31, 2021		\$ 1,455.78
Increased By:		
Due to Current Fund	369.60	
	<u> </u>	<u>369.60</u>
		<u>1,825.38</u>
Decreased By:		
Due from Current Fund		
	<u> </u>	<u>-</u>
Balance December 31, 2022		\$ <u><u>1,825.38</u></u>

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

Balance December 31, 2021		\$ 5.40
Increased By:		
Collected in 2022	\$ 213.00	
	<u> </u>	<u>213.00</u>
		<u>218.40</u>
Decreased By:		
Paid to State of New Jersey	217.20	
	<u> </u>	<u>217.20</u>
Balance December 31, 2022		\$ <u><u>1.20</u></u>

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

Balance December 31, 2021		\$ 2,385,481.63
Increased by:		
Due from Current Fund		
Budget Appropriation :		
Capital Improvement Fund	2,765,000.00	
Reserve to Pay Debt Service	3,407,285.66	
Bond Anticipation Note Issued	3,325,000.00	
American Rescue Plan	393,553.77	
Reserve for Equipment Purchases	80,000.00	
	<hr/>	<hr/> 9,970,839.43
		12,356,321.06
Decreased by:		
Improvement Authorizations	6,534,007.25	
Due to Federal & State Grant Fund	4,636.03	
Budget: Reserve to Pay Debt Service	114,000.00	
Capital Surplus - General Budget	100,000.00	
	<hr/>	<hr/> 6,752,643.28
Balance December 31, 2022		\$ <u><u>5,603,677.78</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance Dec. 31, 2022
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 147,529.91				100,000.00			47,529.91
Capital Improvement Fund	32,630.00	2,765,000.00				2,224,737.79		572,892.21
Reserve for Debt Service	241,683.77	3,407,285.66			114,000.00	1,600,000.00		1,934,969.43
Encumbrances Payable	881,984.27					881,984.27	922,283.51	922,283.51
Due from Federal & State Grant Fund	4,636.03				4,636.03			-
Reserve for Equipment Purchases		80,000.00						80,000.00
American Rescue Plan Funds		393,553.77				393,553.76		0.01
NJEIT 2017-A Receivable	(65,841.00)							(65,841.00)
Improvement Authorizations:								
1530 Utility Reconstruction 12th Ave						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	64,176.93							64,176.93
1600 Various Improvements	640.00							640.00
1624 Beach Replenishment						1,020.61	1,020.61	-
1648 Various Improvements	2,239.65			720.00				1,519.65
1667 Various Improvements						50,896.00	50,896.00	-
1692 Various Capital Improvements	800.00							800.00
1707 Various Capital Improvements						58,997.88	58,997.88	-
1711 Various Capital Improvements						1,156.81	1,156.81	-
1738 Various Capital Improvements	729.54							729.54
1771 Various Capital Improvements						11,774.40	11,774.40	-
1818 Various Capital Improvements	422,746.27			505,894.38			157,666.49	74,518.38
1826 Various Capital Improvements	(278,533.37)			139,335.16				(417,868.53)
1830 Various Capital Improvements	559,253.48			128,869.81			1,000.00	431,383.67
1839 Various Capital Improvements	116,594.60			116,594.60				(0.00)
1841 Various Capital Improvements	25,000.00		475,000.00	435,002.20				64,997.80
1849 Various Capital Improvements	314,311.24			141,489.38				172,821.86
1852 Various Capital Improvements	(93,486.93)		2,850,000.00	2,236,145.94		-	200,000.00	720,367.13
1863 Various Capital Improvements				1,957,939.38		22,085.00	2,000,000.00	19,975.62
1868 Fire Apparatus				560,000.00			28,000.00	(532,000.00)
1876 Dual Band Radios						376,880.73	415,291.55	38,410.82
1879 Various Capital Improvements							1,000,000.00	1,000,000.00
1883 Various Capital Improvements							175,000.00	175,000.00
1884 Heavy Equipment				312,016.40			600,000.00	287,983.60
	<u>\$ 2,385,481.63</u>	<u>6,645,839.43</u>	<u>3,325,000.00</u>	<u>6,534,007.25</u>	<u>218,636.03</u>	<u>5,626,795.52</u>	<u>5,626,795.52</u>	<u>5,603,677.78</u>

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$ 32,630.00
Increased by:		
Current Fund Budget Appropriation	2,765,000.00	
	<hr/>	<hr/>
		2,765,000.00
		2,797,630.00
Decreased by:		
Improvement Authorizations Funded	2,224,737.79	
	<hr/>	<hr/>
		2,224,737.79
Balance December 31, 2022		\$ <u><u>572,892.21</u></u>

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

Balance December 31, 2021		\$	58,162,975.79
Increased by:			
None			
			-
			58,162,975.79
Decreased by:			
Serial Bonds Paid	3,365,000.00		
Wastewater Bonds Paid	230,000.00		
Wastewater Loan Payments	401,328.04		
Green Trust Loan Payments	6,994.72		
USDA Bonds Paid	113,983.23		
			4,117,305.99
Balance December 31, 2022		\$	<u>54,045,669.80</u>

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

Ord #	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Balance Dec. 31, 2022	Analysis of Balance		
					Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1826	Various Capital Improvements	\$ 15,500,000.00		15,500,000.00		417,868.53	15,082,131.47
1841	Various Capital Improvements	475,000.00		475,000.00	475,000.00		-
1852	Various Capital Improvements	2,850,000.00		2,850,000.00	2,850,000.00		-
1868	Various Capital Improvements		532,000.00	532,000.00		532,000.00	-
1883	Various Capital Improvements		3,325,000.00	3,325,000.00		-	3,325,000.00
		<u>\$ 18,825,000.00</u>	<u>3,857,000.00</u>	<u>22,682,000.00</u>	<u>3,325,000.00</u>	<u>949,868.53</u>	<u>18,407,131.47</u>
Improvement Authorizations Unfunded							19,192,496.40
Less:							
Unexpended Proceeds of Bond							
Anticipation Notes Issued:							
<u>Ord. Number</u>							
1841							\$ 64,997.80
1852							720,367.13
							<u>785,364.93</u>
							<u>\$ 18,407,131.47</u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Intro Ord. Date	Amount	Balance December 31, 2021		Capital Improvement Fund	Authorizations		Paid or Charged/ Canceled	Balance December 31, 2022	
				Funded	Unfunded		Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1553	Sanitary Sewer Improvements	10/21/2008	6,100,000.00	\$ 1,089.09						1,089.09	
1571	Acquisition of Property	9/1/2009	940,000.00	7,298.15						7,298.15	
1576	Sanitary Sewer Improvements	11/17/2009	3,650,000.00	64,176.93						64,176.93	
1600	Various Improvements	10/4/2011	1,200,000.00	640.00						640.00	
1648	Various Improvements	5/6/2014	600,000.00	2,239.65					720.00	1,519.65	
1692	Various Capital Improvements	3/15/2016	1,900,000.00	800.00						800.00	
1738	Various Capital Improvements	2/6/2018	4,500,000.00	729.54						729.54	
1818	Various Capital Improvements	10/6/2020	1,930,000.00	422,746.27					348,227.89	74,518.38	
1826	Various Capital Improvements	2/2/2021	15,500,000.00		15,221,466.63				139,335.16		15,082,131.47
1830	Various Capital Improvements	2/16/2021	1,863,000.00	559,253.48					127,869.81	431,383.67	
1839	Various Capital Improvements	4/20/2021	612,000.00	116,594.60					116,594.60	(0.00)	
1841	Various Capital Improvements	6/15/2021	500,000.00	25,000.00	475,000.00				435,002.20		64,997.80
1849	Various Capital Improvements	8/17/2021	350,000.00	314,311.24					141,489.38	172,821.86	-
1852	Various Capital Improvements	9/7/2021	3,000,000.00		2,756,513.07				2,036,145.94		720,367.13
1863	Various Capital Improvements	1/18/2022	2,000,000.00			2,000,000.00			1,980,024.38	19,975.62	
1868	Various Capital Improvements	3/1/2022	560,000.00			28,000.00		532,000.00	560,000.00		-
1876	Dual Band Radios	4/5/2022	415,271.55			21,737.79	393,553.76		376,880.73	38,410.82	
1879	Various Capital Improvements	5/3/2022	1,000,000.00				1,000,000.00			1,000,000.00	
1883	Various Capital Improvements	7/19/2022	3,500,000.00			175,000.00		3,325,000.00		175,000.00	3,325,000.00
1884	Heavy Equipment	7/19/2022	600,000.00				600,000.00		312,016.40	287,983.60	
				<u>\$ 1,514,878.95</u>	<u>18,452,979.70</u>	<u>2,224,737.79</u>	<u>1,993,553.76</u>	<u>3,857,000.00</u>	<u>6,574,306.49</u>	<u>2,276,347.31</u>	<u>19,192,496.40</u>
									Paid	6,534,007.25	
									Encumbrances Payable 12/31/22	922,283.51	
									Encumbrances Payable 12/31/21	(881,984.27)	
										<u>6,574,306.49</u>	

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
General Obligation Bonds of 2013	8/1/2013	11,400,000.00	8/1/2023	1,150,000.00	3.000%	4,700,000.00	1,150,000.00	3,550,000.00
			8/1/2024	1,200,000.00	3.250%			
			8/1/2025	1,200,000.00	3.500%			
General Obligation Bonds of 2018	7/26/2018	14,970,000.00	8/1/2023	1,125,000.00	5.000%	12,115,000.00	1,035,000.00	11,080,000.00
			8/1/2024	1,170,000.00	5.000%			
			8/1/2025	1,220,000.00	5.000%			
			8/1/2026	1,310,000.00	5.000%			
			8/1/2027	1,405,000.00	4.000%			
			8/1/2028	1,455,000.00	4.000%			
			8/1/2029	1,640,000.00	3.000%			
			8/1/2030	1,755,000.00	3.000%			

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			December 31, 2022					
			Date	Amount				
General Obligation Refunding Bonds of 2019	1/31/2019	4,630,000.00	9/1/2023	135,000.00	5.000%	4,215,000.00	130,000.00	4,085,000.00
			9/1/2024	140,000.00	5.000%			
			9/1/2025	150,000.00	5.000%			
			9/1/2026	155,000.00	5.000%			
			9/1/2027	165,000.00	5.000%			
			9/1/2028	175,000.00	5.000%			
			9/1/2029	180,000.00	5.000%			
			9/1/2030	190,000.00	5.000%			
			9/1/2031	150,000.00	4.000%			
			9/1/2032	155,000.00	4.000%			
			9/1/2033	160,000.00	4.000%			
			9/1/2034	170,000.00	5.000%			
			9/1/2035	150,000.00	4.000%			
			9/1/2036	125,000.00	4.000%			
			9/1/2037	130,000.00	4.000%			
			9/1/2038	135,000.00	4.000%			
			9/1/2039	140,000.00	4.000%			
			9/1/2040	145,000.00	4.000%			
			9/1/2041	155,000.00	5.000%			
			9/1/2042	160,000.00	5.000%			
			9/1/2043	170,000.00	5.000%			
			9/1/2044	155,000.00	5.000%			
			9/1/2045	165,000.00	5.000%			
			9/1/2046	170,000.00	5.000%			
			9/1/2047	180,000.00	5.000%			
			9/1/2048	180,000.00	5.000%			

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			December 31, 2022					
			Date	Amount				
General Obligation Bonds of 2021	7/15/2021	19,395,000	8/1/2023	1,240,000.00	2.000%	19,395,000.00	1,050,000.00	18,345,000.00
			8/1/2024	1,340,000.00	2.000%			
			8/1/2025	1,480,000.00	2.000%			
			8/1/2026	1,575,000.00	2.000%			
			8/1/2027	1,670,000.00	2.000%			
			8/1/2028	1,720,000.00	2.000%			
			8/1/2029	1,765,000.00	2.000%			
			8/1/2030	1,810,000.00	2.000%			
			8/1/2031	1,810,000.00	2.000%			
			8/1/2032	1,835,000.00	2.000%			
			8/1/2033	2,100,000.00	2.000%			
						</		

**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, 2021	Decreased	Balance Dec. 31, 2022
			December 31, 2022					
			Date	Amount				
Wastewater Treatment Fund Bonds of 2003A	10/15/2002	1,745,000.00			5.000%	135,000.00	135,000.00	-
Wastewater Treatment Fund Bonds of 2017A	5/25/2017	4,150,000.00	8/1/2023	100,000.00	5.000%	3,810,000.00	95,000.00	3,715,000.00
			8/1/2024	105,000.00	5.000%			
			8/1/2025	110,000.00	5.000%			
			8/1/2026	115,000.00	5.000%			
			8/1/2027	120,000.00	3.000%			
			8/1/2028	125,000.00	3.000%			
			8/1/2029	125,000.00	3.000%			
			8/1/2030	130,000.00	3.000%			
			8/1/2031	135,000.00	3.000%			
			8/1/2032	140,000.00	3.000%			
			8/1/2033	145,000.00	3.000%			
			8/1/2034	150,000.00	3.125%			
			8/1/2035	155,000.00	3.250%			
			8/1/2036	155,000.00	3.250%			
			8/1/2037	165,000.00	3.375%			
			8/1/2038	170,000.00	3.375%			
			8/1/2039	175,000.00	3.375%			
			8/1/2040	180,000.00	3.375%			
			8/1/2041	185,000.00	3.375%			
			8/1/2042	190,000.00	3.500%			
			8/1/2043	200,000.00	3.500%			
			8/1/2044	205,000.00	3.500%			
			8/1/2045	215,000.00	3.500%			
			8/1/2046	220,000.00	3.500%			
						\$ 3,945,000.00	230,000.00	3,715,000.00

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
Wastewater Treatment Fund Loan of 2003A	10/15/2002	1,843,735.00			N/A	92,951.14	92,951.14	-
Wastewater Treatment Fund Loan of 2014A	5/25/2017	9,148,515.00	2/1/2023	102,792.30	N/A	7,709,422.80	308,376.90	7,401,045.90
			8/1/2023	205,584.60				
			2/1/2024	102,792.30				
			8/1/2024	205,584.60				
			2/1/2025	102,792.30				
			8/1/2025	205,584.60				
			2/1/2026	102,792.30				
			8/1/2026	205,584.60				
			2/1/2027	102,792.30				
			8/1/2027	205,584.60				
			2/1/2028	102,792.30				
			8/1/2028	205,584.60				
			2/1/2029	102,792.30				
			8/1/2029	205,584.60				
			2/1/2030	102,792.30				
			8/1/2030	205,584.60				
			2/1/2031	102,792.30				
			8/1/2031	205,584.60				
			2/1/2032	102,792.30				
			8/1/2032	205,584.60				
			2/1/2033	102,792.30				
			8/1/2033	205,584.60				
			2/1/2034	102,792.30				
			8/1/2034	205,584.60				
			2/1/2035	102,792.30				
			8/1/2035	205,584.60				
			2/1/2036	102,792.30				
			8/1/2036	205,584.60				
			2/1/2037	102,792.30				
			8/1/2037	205,584.60				
			2/1/2038	102,792.30				
			8/1/2038	205,584.60				
			2/1/2039	102,792.30				
			8/1/2039	205,584.60				
			2/1/2040	102,792.30				
			8/1/2040	205,584.60				
			2/1/2041	102,792.30				

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
Wastewater Treatment Fund Loan of 2014A (cont)			8/1/2041	205,584.60				
			2/1/2042	102,792.30				
			8/1/2042	205,584.60				
			2/1/2043	102,792.30				
			8/1/2043	205,584.60				
			2/1/2044	102,792.30				
			8/1/2044	205,584.60				
			2/1/2045	102,792.30				
			8/1/2045	205,584.60				
			2/1/2046	102,792.30				
			8/1/2046	205,584.90				
						\$ 7,802,373.94	401,328.04	7,401,045.90

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
Skateboard Park	4/19/2005	120,000.00	2023	7,135.32	2.000% \$	25,102.84	6,994.72	18,108.12
			2024	7,278.74				
			2025	3,694.06				
					\$	<u>25,102.84</u>	<u>6,994.72</u>	<u>18,108.12</u>

**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, 2021	Increased	Balance Dec. 31, 2022
Various Capital Improvements	1841	8/3/2022	8/3/2022	8/2/2023	4.000%	\$	475,000.00	475,000.00
Various Capital Improvements	1852	8/3/2022	8/3/2022	8/2/2023	4.000%		2,850,000.00	2,850,000.00
						\$		
						-	3,325,000.00	3,325,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Debt Issued	Balance Dec. 31, 2022
1826	Various Capital Improvements	\$ 15,500,000.00			15,500,000.00
1841	Various Capital Improvements	475,000.00		475,000.00	-
1852	Various Capital Improvements	2,850,000.00		2,850,000.00	-
1868	Various Capital Improvements		532,000.00		532,000.00
1883	Various Capital Improvements		3,325,000.00		3,325,000.00
		<u>\$ 18,825,000.00</u>	<u>3,857,000.00</u>	<u>3,325,000.00</u>	<u>19,357,000.00</u>

See Accompanying Auditor's Report

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CITY OF NORTH WILDWOOD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2022

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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 July 1, 2015, the bid threshold was \$40,000. However, effective July 1, 2020, 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 \$44,000.00 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$44,000.00.

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 4, 2022 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, 2022 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>
2022	4
2021	4
2020	5

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 2022 and 2023 Taxes	5
Current Water and Sewer Utility Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>15</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>
2022 \$	39,112,632.67	39,007,886.04	99.73%
2021	37,379,559.87	37,307,807.38	99.81%
2020	35,700,826.87	35,622,663.99	99.78%
2019	34,222,950.25	34,158,034.81	99.81%
2018	33,127,671.45	32,987,795.06	99.58%

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	\$ 1.458	1.401	1.351	1.306	1.269
Apportionment of Tax Rate:					
Municipal	0.833	0.804	0.775	0.745	0.718
County	0.339	0.311	0.293	0.281	0.272
Local School	0.286	0.286	0.283	0.28	0.279
Assessed Valuation	2,664,641,300	2,646,726,500	2,620,112,600	2,606,307,000	2,594,025,877

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>
2022 \$	1,142.07	6,485.78	7,627.85	0.02%
2021	1,066.26	-	1,066.26	0.00%
2020	862.24	8,355.58	9,217.82	0.03%
2019	10,151.75	131,990.18	142,141.93	0.42%
2018	5,607.05	159,531.87	165,138.92	0.50%

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 exceptions relating to deposits made on behalf of the City Clerk. However, they appear to be isolated incidents.

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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 comment or recommendation, or should you desire assistance in implementing my recommendation, 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

August 4, 2023



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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www.ford-scott.com

August 4, 2023

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

Dear Mayor and Council:

We have audited the financial statements of the City of North Wildwood for the fiscal year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and OMB 15-08, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of North Wildwood are described in Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the City of North Wildwood unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of North Wildwood's financial statements were:

Management's estimate of the Compensated Absences liability is based on the termination payment method, whereby the liability is calculated based on the amount of vacation time which the employee has earned, sick leave and any compensatory time which was earned and is eligible for payment upon termination of any employee. The City estimates its accrued compensated absences liability based on the accumulated sick, vacation days, and compensatory time at the balance sheet date by those employees who are currently eligible to receive termination payments. The estimated value of compensated absences as of December 31, 2022 is \$870,023.06.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 4, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of North Wildwood's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We were engaged to report on supplementary information described in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of North Wildwood's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of the City Council and management of the City of North Wildwood and is not intended to be and should not be used by anyone other than these specified parties.

We would also like to present, to the Mayor and Council Members, the following comments and recommendations regarding the operations of the City. Our comments are not to be taken as criticisms of any individual (s), but to disclose matters that we believe could adversely affect the operations of the City, if not given specific attention.

Our comments and recommendations are as follows, but not necessarily listed in terms of importance:

1. Lifeguard Pension**

The City maintains a Lifeguard Pension Fund that is required to have an actuarial analysis of the Pension Liability in accordance with GASB Statement 73.

We recommend that the City contract to have a GASB 73 Actuarial Analysis performed in its Lifeguard Pension Fund for disclosure in next year's Audit Report.

** Represents comment (s) repeated from prior management letters.

As stated earlier, our comments are not to be taken as criticisms of any individual(s) or department(s). We would like to extend our thanks to all the City staff for their full cooperation and amicable assistance. We would be pleased to discuss this letter at any time, and hope our mutually beneficial relationship will continue.

Respectfully submitted,

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

Leon P. Costello

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

ANNUAL AUDIT REPORT

FOR THE YEAR

2022

MUNICIPAL COURT OF:

CITY OF NORTH WILDWOOD

COUNTY OF:

COUNTY OF CAPE MAY

COURT INFORMATION:

ADDRESS: 901 Atlantic Avenue

PHONE: (609) 522-0932

North Wildwood, NJ 08260

COUNTY: Cape May

JUDGE: Louis J. Belasco, Jr.

COURT
DIRECTOR: N/A

COURT
ADMINISTRATOR: Angela DeRitis

REPORT COMPLETED BY

NAME: Leon P. Costello, CPA

RMA NUMBER: 393

SIGNED BY: *Leon P. Costello*

DATE: August 4, 2023

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

1535 Haven Avenue

Ocean City, NJ 08226

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING

12/31/2022

AGENCY	ENDING BALANCE AS OF 12/31/2021	RECEIPTS	DISBURSEMENTS	ENDING BALANCE AS OF 12/31/2022
STATE OF NEW JERSEY	2,620.56	86,385.81	85,980.49	3,025.88
COUNTY	1,462.00	25,443.25	25,483.25	1,422.00
MUNICIPALITY	12,833.44	208,219.94	212,930.26	8,123.12
MUNICIPALITY-POAA	12.00	2,474.00	2,246.00	240.00
COUNTY LAB	-	102.00	102.00	-
CONDITIONAL DISCHARGE	-	27.00	27.00	-
FISH & GAME	100.00	7,765.00	7,865.00	-
WEIGHTS & MEASURES	-	-	-	-
CONDITIONAL DISMISSAL	200.00	525.00	725.00	-
RESTITUTION	50.00	3,700.14	3,650.14	100.00
INTEREST - GENERAL	-	203.46	203.46	-
INTEREST - BAIL	-	15.71	15.71	-
PEDESTRIAN SAFETY FUND	129.39	100.00	229.39	-
WEB FEE	-	6,733.23	6,521.76	211.47
BAIL	1,500.00	14,184.00	15,534.00	150.00
SPCA	-			-
TOTAL	34,416.93	355,878.54	361,513.46	13,272.47

* Was the ending balance disbursed by the 15th of the next month?

Yes

If not, explain?

GENERAL MUNICIPAL COURT INFORMATION

1. Does this municipal court serve more than one municipality? No If so, please list:

2. Amount paid or charged from 1/1/2022 to 12/31/2022 appropriations for salary of judge(s) \$ 75,846.95
Other staff \$ 99,666.80 And expenses \$ 189,594.79
3. Is an approved statewide violations bureau schedule of fines prominently posted in the place where fines are to be paid to the violations clerk? Yes
4. Does the court have an approved supplemental Local Violations Bureau Schedule Yes
If so, is it prominently posted in the place where fines are to be paid to the violations clerk? Yes
5. List staff members that are bonded:
- | | | | |
|---------------|-----------------------------|----------------|---------------------|
| Judge | <u>Louis J. Belasco Jr.</u> | Amount of Bond | \$ <u>1,000,000</u> |
| Ct. Dir. | _____ | Amount of Bond | \$ _____ |
| Ct. Adm. | <u>Angela DeRitis</u> | Amount of Bond | \$ <u>1,000,000</u> |
| Dep. Ct. Adm. | <u>Theresa Viall</u> | Amount of Bond | \$ <u>1,000,000</u> |
| Other staff | _____ | Amount of Bond | \$ _____ |
| | _____ | Amount of Bond | \$ _____ |
| | _____ | Amount of Bond | \$ _____ |
6. When does the Judge's term expire? 12/31/2023
7. Are uniform traffic tickets serially numbered, properly controlled and accounted for Yes
8. Are tickets eligible for destruction disposed of in a timely and proper manner Yes

FINANCIAL PROCEDURES

Daily Financial Procedures

1. Are separate cash boxes maintained for each employee that receipts money? Yes
2. Who is responsible for completing the Daily Bank Deposit? All Staff
3. Who is responsible for transporting the Daily Deposit to the bank? Courier Service

4. What procedures are followed to transport the monies to the bank (i.e., security)
Locked bank bag which is transported by Bank provided Courier Service
5. Are deposits made within 48 hours of receipt? YES If no, please explain _____
6. Do the above cash handling procedures provide for adequate security and separation of responsibilities? YES
7. Do the deposit slips match the totals provided by the Daily Batch and Criminal Journal?
 YES If no, please explain _____
8. Do the deposit slips match the daily totals displayed on the ATS Monthly Cashbook
 If no, please explain YES
9. Are the deposit slips attached to the ATS Daily Batch Report and Criminal Journal? YES
10. As of what date or dates was cash counted, reconciliation made and bank balance confirmed? December 31, 2022 and June 30, 2023

Monthly Financial Procedures

11. Are separate general/bail accounts maintained? YES
12. Is the court utilizing the ATS/ACS monthly cashbook? YES If no, please explain _____
13. Who is responsible for the municipal court financial procedures (name and title)?
Angela DeRitis Court Administrator
14. Do the monthly disbursement checks equal account totals on Part V of the ATS Monthly Cash Book? YES If no, please explain _____
15. Are monies turned over to the proper agencies on or before the 15th of each month
 If no, please explain YES
16. Does the general account accrue interest? YES Bail account? YES
 Is the interest turned over to the municipality on a monthly basis? YES
17. Are overpayment checks written on a monthly basis? YES Interest ? YES
18. Is the Bank reconciliation page of the Monthly Cash Book completed and balanced
 If no, explain The Bail Account reconciliation page is completed and balanced NO
19. Are the Fiscal Records kept in a safe place? YES

Bail Procedures

20. Is the bail collected by the police department properly and promptly turned over to the municipal court ? YES
21. Are bail refunds done in a timely manner? YES Are the refund checks made out to the surety? YES
22. Are bail forfeitures done in a timely manner? YES
23. Are the cash balances on the Monthly Bail on Account Report equal to the account balance in the Bail Account? Yes

COMMENTS:

None.

RECOMMENDATIONS:

None.

**CITY OF NORTH WILDWOOD
SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION**

Attention is directed to the fact that a summary or synopsis of the audit report, together with the recommendations, is the minimum required to be published pursuant to N.J.S.A. 40A:5-7.

COMBINED COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash and Investments	\$ 21,567,016.53	\$ 19,846,237.46
Taxes, Assessments & Liens Receivable	7,627.85	1,066.26
Property Acquired for Taxes- Assessed Valuation	4,300.00	4,300.00
Accounts Receivable	2,621,835.80	437,774.18
Deferred Charges	76,727,669.80	76,987,975.79
General Fixed Assets	<u>130,183,982.00</u>	<u>128,894,268.00</u>
TOTAL ASSETS	\$ <u>231,112,431.98</u>	\$ <u>226,171,621.69</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds & Bond Anticipation Notes	\$ 57,370,669.80	\$ 58,162,975.79
Improvement Authorizations	21,468,843.71	19,967,858.65
Other Liabilities & Special Funds	4,625,034.98	5,286,106.28
Reserve for Certain Assets Receivable	10,042,575.10	6,611,647.85
Fund Balance	7,421,326.39	7,248,765.12
Investment in General Fixed Assets	<u>130,183,982.00</u>	<u>128,894,268.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ <u>231,112,431.98</u>	\$ <u>226,171,621.69</u>

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - CURRENT FUND**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 3,525,000.00	\$ 3,400,000.00
Miscellaneous From Other than Local Property Tax Levies	12,635,221.25	13,045,998.36
Collection of Delinquent Taxes and Tax Title Liens	975.98	4,646.85
Collection of Current Tax Levy	<u>39,007,886.04</u>	<u>37,307,807.38</u>
Total Income	<u>55,169,083.27</u>	<u>53,758,452.59</u>
Expenditures		
Budget Expenditures:		
Municipal Purposes	34,680,515.43	33,420,924.37
County Taxes	9,018,648.57	8,236,507.06
Local School Taxes	7,609,608.00	7,561,006.00
Special District Taxes	62,500.00	62,500.00
Other Expenditures	<u>250.00</u>	<u>10,487.97</u>
Total Expenditures	51,371,522.00	49,291,425.40
Less: Expenditures to be Raised by Future Taxation	<u>-</u>	<u>-</u>
Total Adjusted Expenditures	<u>51,371,522.00</u>	<u>49,291,425.40</u>
Excess in Revenue	3,797,561.27	4,467,027.19
Fund Balance January 1	<u>7,101,235.21</u>	<u>6,034,208.02</u>
	10,898,796.48	10,501,235.21
Less: Utilization as Anticipated Revenue	<u>3,525,000.00</u>	<u>3,400,000.00</u>
Fund Balance December 31	<u>\$ 7,373,796.48</u>	<u>\$ 7,101,235.21</u>

RECOMMENDATIONS:

1. None.

The above summary or synopsis was prepared from the report of the audit of the City of North Wildwood, County of Cape May, for the calendar year 2022. This report of audit submitted by Leon P. Costello, Registered Municipal Accountant, of Ford, Scott & Associates, L.L.C., CPA's, is on file at the Municipal Clerk's office and may be inspected by any interested person.

If applicable, a corrective action plan, which outlines actions the City of North Wildwood will take to correct the finding listed above, will be prepared in accordance with federal and state guidelines. A copy of it will be on file and available for public inspection with the Municipal Clerk in the City of North Wildwood no later than October 3, 2023 in compliance with directives from the Division of Local Government Services.

W. Scott Jett, Municipal Clerk