BOROUGH OF WILDWOOD CREST

COUNTY OF CAPE MAY

NEW JERSEY

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

BOROUGH OF WILDWOOD CREST

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BOROUGH OF WILDWOOD CREST

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BOROUGH OF WILDWOOD CREST

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013

FORD - SCOTT
& ASSOCIATES, L.L.C.
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Independent Auditor's Report

The Honorable Mayor and
Members of Board of Commissioners
Borough of Wildwood Crest, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Wildwood Crest, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Wildwood Crest as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 on our consideration of the Borough of Wildwood Crest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Wildwood Crest's internal control over financial reporting and compliance.

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

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

June 27, 2014

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EXHIBIT A - CURRENT FUND

Exhibit A
Sheet 1

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

		2013	2012
ASSETS			
Regular Fund:			
Cash:			
Treasurer	$	9,592,342.53	9,083,555.40
Change and Petty Cash Funds		850.00	850.00
Total Cash		9,593,192.53	9,084,405.40
Other Receivables:			
None		-	-
Total Other Receivables		-	-
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable		478,802.75	470,092.36
Revenue Accounts Receivable			
Municipal Court		201,487.35	206,849.32
Interfund Receivable:			
Due from Animal Control Fund		1.24	577.03
Due from General Capital Fund		1,070.41	1,221.56
Due from Trusts - Other		1,881.57	-
Total Receivables and Other Assets		683,243.32	678,740.27
Deferred Charges:			
Special Emergency Authorization		640,000.00	800,000.00
Total Regular Fund		10,916,435.85	10,563,145.67
Federal and State Grant Fund:			
Cash		171,284.07	129,098.88
Federal and State Grants Receivable		588,095.62	769,118.11
Total Federal and State Grant Fund		759,379.69	898,216.99
Total Current Fund	$	11,675,815.54	11,461,362.66

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

Exhibit A
Sheet 2

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

		2013	2012
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	$	1,507,635.64	1,068,041.87
Encumbrances Payable/Accounts Payable		321,293.67	253,853.89
Prepaid Taxes		615,164.00	605,209.06
Overpaid Taxes		1,217.01	-
Due to State of New Jersey			
Senior Citizens and Veterans		753.04	2,053.30
Due to Trusts - Other		-	1,093.35
Local School Tax Payable		2,065,352.44	1,871,792.94
Payroll Taxes Payable		-	5,507.47
County Added Tax Payable		9,940.24	9,215.96
Prepaid Sewer Rents		15,629.25	-
Sewer Rent Overpayments		-	23,676.93
Prepaid GWTDA Fees		1,320.00	1,540.00
Prepaid TDC Fees		600.00	700.00
Prepaid Licenses		2,100.00	2,460.00
Other			
Reserve for Tax Appeals		250,000.00	250,000.00
Reserve for Hurricane Sandy Expenses		304,698.20	800,000.00
Reserve for Beach Operations Offset		217,620.21	262,416.32
Reserve for Master Plan		15,000.00	15,000.00
Reserve for Revaluation		13,725.46	13,725.46
		5,342,049.16	5,186,286.55
Reserve for Receivables and Other Assets		683,243.32	678,740.27
Fund Balance		4,891,143.37	4,698,118.85
Total Regular Fund		10,916,435.85	10,563,145.67
Federal and State Grant Fund:			
Unappropriated Reserves		43,126.50	38,604.04
Appropriated Reserves		707,002.93	842,527.30
Encumbrances Payable		9,250.26	17,085.65
Total Federal and State Grant Fund		759,379.69	898,216.99
Total Current Fund	$	11,675,815.54	11,461,362.66

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

Exhibit A - 1
Sheet 1

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

		2013	2012
Revenue and Other Income Realized			
Fund Balance	$	1,680,000.00	1,400,000.00
Miscellaneous Revenue Anticipated		6,183,432.03	6,361,838.73
Receipts from Delinquent Taxes		457,660.30	441,991.65
Receipts from Current Taxes		25,416,188.52	24,681,182.77
Non Budget Revenue		391,129.95	1,021,201.48
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		986,471.63	599,301.41
Prior Liabilities/Reserves Canceled		8,041.85	92,538.43
Interfund Returned		1,798.59	4,293.65
Total Income		35,124,722.87	34,602,348.12
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages		6,003,315.00	5,581,514.29
Other Expenses		6,069,804.00	6,540,490.00
Deferred Charges & Statutory Expenditures		1,224,984.00	1,226,506.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages		13,000.00	12,000.00
Other Expenses		3,486,285.04	3,437,519.62
Capital Improvements		870,000.00	1,053,377.00
Municipal Debt Service		3,469,668.67	3,328,063.65
Deferred Charges & Statutory Expenditures		160,400.00	66,295.92
Local District School Tax		6,580,013.00	6,292,894.00
County Tax		5,359,335.18	5,207,395.19
County Share of Added Tax		9,940.24	9,215.96
Interfund Created		2,953.22	1,222.59
Prior Year Senior Citizens Disallowed		2,000.00	-
Shortage - Counterfeit Bill		-	100.00
Total Expenditures		33,251,698.35	32,756,594.22
Excess in Revenue		1,873,024.52	1,845,753.90

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	800,000.00
Total Adjustments	-	800,000.00
Statutory Excess to Fund Balance	1,873,024.52	2,645,753.90
Fund Balance January 1	4,698,118.85	3,452,364.95
	6,571,143.37	6,098,118.85
Decreased by:		
Utilization as Anticipated Revenue	1,680,000.00	1,400,000.00
Fund Balance December 31	$ 4,891,143.37	4,698,118.85

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

Exhibit A-2
Sheet 1

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

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 1,680,000.00		1,680,000.00	
Total Fund Balance Anticipated	1,680,000.00	-	1,680,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	200,000.00		201,108.00	1,108.00
Fees and Permits	90,000.00		136,108.12	46,108.12
Fines and Costs:				
Municipal Court	150,000.00		138,617.07	(11,382.93)
Interest and Costs on Taxes	80,000.00		100,720.81	20,720.81
Parking Meters	210,000.00		242,108.93	32,108.93
Interest on Investments and Deposits	52,000.00		60,791.19	8,791.19
Municipal Pier and Concession Income	170,000.00		173,479.35	3,479.35
Interest and Costs on Delinquent Sewer Rents	19,000.00		21,242.76	2,242.76
Sewer Rents	3,280,000.00		3,442,260.26	162,260.26
Recreation Income - Pool	72,000.00		79,525.00	7,525.00
TV Cable Franchise Fee	42,000.00		42,111.80	111.80
Fees and Permits - Craft Show	4,000.00		5,110.00	1,110.00
Ambulance Fees	140,000.00		176,337.51	36,337.51
Total Section A: Local Revenues	4,509,000.00	-	4,819,520.80	310,520.80
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	381,045.00		381,045.00	-
Total Section B: State Aid Without Offsetting Appropriations	381,045.00	-	381,045.00	-

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs Off-Set with Appropriations	$			
Recycling Tonnage Grant	12,841.89		12,841.89	
Clean Communities Program	18,873.15		18,873.15	
Drunk Driving Enforcement Fund - 2012	4,550.12		4,550.12	
State Aid - Housing	13,000.00		13,000.00	
Police Body Armor Grant	2,338.88		2,338.88	
Small Cities Grant	400,000.00		400,000.00	
GWTIDA Summer Events		26,000.00	26,000.00	
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	451,604.04	26,000.00	477,604.04	-
Section G: Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items;				
Uniform Fire Safety Act	160,000.00		176,890.07	16,890.07
Beach Operation Off-Set - Reserved	262,416.32		262,416.32	-
Anticipated General Capital Fund Balance	32,502.00		32,502.00	-
GWTIDA - Municipal Event Support	28,000.00		33,453.80	5,453.80
Total Section G: Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services - Other Special Items	482,918.32	-	505,262.19	22,343.87
Total Miscellaneous Revenues:	5,824,567.36	26,000.00	6,183,432.03	332,864.67
Receipts from Delinquent Taxes	440,000.00		457,660.30	17,660.30

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

Exhibit A-2
Sheet 3

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

		Anticipated			Excess or
		Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	$	14,097,059.46		14,337,061.88	240,002.42
Total Amount to be Raised by Taxes for Support of Municipal Budget		14,097,059.46	-	14,337,061.88	240,002.42
Budget Totals		22,041,626.82	26,000.00	22,658,154.21	590,527.39
Non- Budget Revenues:					
Other Non- Budget Revenues:		-		391,129.95	391,129.95
	$	22,041,626.82	26,000.00	23,049,284.16	981,657.34

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections	$	25,416,188.52
Allocated to:		
School, County and Other Taxes		11,849,288.42
Balance for Support of Municipal Budget Appropriations		13,566,900.10
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		770,161.78
Amount for Support of Municipal Budget Appropriations		14,337,061.88
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	457,660.30	
Tax Title Lien Collections	-	
Total Receipts from Delinquent Taxes		457,660.30
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Tax Collector:		
Tax Searches		12.00
Tax Sale Costs		3,114.32
Treasurer:		
Sale of Municipal Assets	25,543.85	
Beach Ice Cream Concession Lease	158,033.00	
Late Mercantile Penalties	6,870.00	
Restitution	5,000.00	
Administration Fee - Vets and Seniors	1,353.29	
Police Reports	2,240.30	
Copies	1,294.11	
Elections	1,080.00	
GWTIDA Administration Fee	30,000.00	
CMCMUA Recycling Rebate	15,080.25	
Statutory Excess - Dog Fund	744.00	
FEMA Reimbursements	127,406.55	
DMV Inspection Fines	2,050.00	
Miscellaneous	11,308.28	
		388,003.63
Total Miscellaneous Revenue Not Anticipated:	$	391,129.95

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
DEPARTMENT OF PUBLIC AFFAIRS AND						
PUBLIC SAFETY:	$				-	
Directors Office					-	
Salaries and Wages	40,000.00	40,000.00	30,469.92		9,530.08	
Other Expenses	3,000.00	3,000.00	991.94	195.00	1,813.06	
Fire		-				
Salaries and Wages	2,500.00	2,500.00	1,999.92		500.08	
Other Expenses	41,350.00	41,350.00	36,785.52	3,526.00	1,038.48	
Police						
Salaries and Wages	2,223,120.00	2,161,120.00	2,083,884.77		77,235.23	
Other Expenses	181,800.00	181,800.00	132,697.00	36,742.75	12,360.25	
Municipal Prosecutor						
Other Expenses	18,000.00	18,000.00	15,000.00	1,500.00	1,500.00	
Legal						
Other Expenses	137,500.00	210,000.00	184,419.16	12,202.94	13,377.90	
Local Code Enforcement						
Salaries and Wages	26,400.00	26,400.00	20,727.52		5,672.48	
Other Expenses	7,400.00	7,400.00	3,738.26	201.87	3,459.87	
Emergency Management Services						
Salaries and Wages	-	-				
Other Expenses	5,000.00	5,000.00	450.00		4,550.00	
Services of Ambulance						
Salaries and Wages	465,000.00	427,000.00	410,533.91		16,466.09	
Other Expenses	41,200.00	41,200.00	19,130.43	21,444.61	624.96	
Environmental Commission (N.J.S. 40:56A-1)						
Salaries and Wages	2,200.00	2,200.00	2,000.18		199.82	
Other Expenses	500.00	500.00			500.00	
Lifeguards						
Salaries and Wages	510,035.00	502,035.00	488,487.70		13,547.30	
Other Expenses	41,030.00	41,030.00	39,756.32		1,273.68	
Land Use Administration						
Salaries and Wages	45,000.00	45,000.00	42,491.42		2,508.58	
Other Expenses	51,150.00	51,150.00	30,026.49	6,983.00	14,140.51	
Traffic Maintenance		-				
Salaries and Wages	70,000.00	70,000.00	68,558.07		1,441.93	
Other Expenses	31,900.00	31,900.00	17,075.80	6,943.88	7,880.32	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

Exhibit A - 3
Sheet 2

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

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY: (CONTINUED)						
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Fire Official						
Salaries and Wages	$ 91,350.00	99,350.00	94,297.56		5,052.44	
Other Expenses	16,100.00	16,100.00	10,184.77	3,225.39	2,689.84	
Animal Control						
Other Expenses	31,000.00	31,000.00	25,835.00		5,165.00	
Police Dispatch						
Salaries and Wages	155,000.00	155,000.00	155,000.00		-	
Municipal Court						
Salaries and Wages	134,210.00	134,210.00	120,382.40		13,827.60	
Other Expenses	15,475.00	15,475.00	13,198.98	1,104.43	1,171.59	
Public Defender (P.L. 1997, C.256)						
Other Expenses	13,000.00	13,000.00	11,458.26		1,541.74	
New Jersey Public Employees OSHA Mandated Costs						
Health						
Other Expenses	2,500.00	2,500.00	-		2,500.00	
DEPARTMENT OF REVENUE AND FINANCE:						
Director's Office						
Salaries and Wages	18,500.00	18,500.00	16,749.94		1,750.06	
Other Expenses	950.00	950.00	914.42		35.58	
Borough Administration						
Salaries and Wages	225,000.00	195,000.00	187,832.72		7,167.28	
Other Expenses	37,650.00	37,650.00	30,529.93	5,950.33	1,169.74	
Election Expense	1,200.00	1,200.00	921.86		278.14	
Financial Administration						
Salaries and Wages	138,000.00	144,000.00	138,987.95		5,012.05	
Other Expenses	62,600.00	56,600.00	46,023.30	2,443.39	8,133.31	
Municipal Audit	33,700.00	33,700.00	33,700.00		-	
Assessment of Taxes						
Salaries and Wages	88,000.00	96,500.00	88,995.82		7,504.18	
Other Expenses	17,890.00	31,390.00	4,852.12	1,969.91	24,567.97	
Collection of Taxes						
Salaries and Wages	142,000.00	142,000.00	139,924.29		2,075.71	
Other Expenses	17,200.00	17,200.00	13,468.42	29.00	3,702.58	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
DEPARTMENT OF REVENUE AND FINANCE: (CONTINUED)						
Utility Billing Expenses						
Other Expenses	$ 12,200.00	12,200.00	9,590.83		2,609.17	
Insurance						
General Liability	160,058.00	160,058.00	149,714.00		10,344.00	
Workers Compensation	362,942.00	362,942.00	362,942.00		-	
Employee Group Health	2,646,684.00	2,640,184.00	2,291,553.48	37,908.48	310,722.04	
Health Benefit Waiver						
Salaries and Wages	5,000.00	11,500.00	10,768.99		731.01	
DEPARTMENT OF PUBLIC WORKS PARKS AND PUBLIC PROPERTY:					-	
Director's Office						
Salaries and Wages	14,500.00	14,500.00	14,499.94		0.06	
Other Expenses	750.00	750.00	131.46		618.54	
Engineer						
Other Expenses	50,000.00	61,000.00	55,505.16	(563.02)	6,057.86	
Landfill						
Other Expenses	333,000.00	333,000.00	273,340.34	23,788.09	35,871.57	
Public Works						
Salaries and Wages	415,000.00	415,000.00	376,644.46		38,355.54	
Other Expenses	68,550.00	68,550.00	34,319.40	13,980.93	20,249.67	
Recreation Buildings		-				
Other Expenses	108,250.00	108,250.00	74,287.13	5,287.69	28,675.18	
Beach Cleaning						
Salaries and Wages	40,000.00	40,000.00	30,339.63		9,660.37	
Other Expenses	82,550.00	82,550.00	34,823.84	2,218.34	45,507.82	
Sanitation						
Salaries and Wages	403,000.00	403,000.00	322,541.54		80,458.46	
Other Expenses	56,400.00	56,400.00	24,860.88	5,360.33	26,178.79	
Parks and Buildings						
Salaries and Wages	213,000.00	213,000.00	151,810.84		61,189.16	
Other Expenses	118,500.00	118,500.00	81,049.39	5,235.22	32,215.39	
Sewerage						
Salaries and Wages	100,000.00	100,000.00	82,138.27		17,861.73	
Other Expenses	52,100.00	52,100.00	9,898.12	4,380.18	37,821.70	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS						
PARKS AND PUBLIC PROPERTY:(CONTINUED)						
Fleet Maintenance						
Salaries and Wages	$ 144,000.00	123,000.00	105,753.81		17,246.19	
Other Expenses	106,400.00	116,400.00	96,002.27	16,642.75	3,754.98	
Tourism						
Salaries and Wages	10,000.00	10,000.00	7,532.00		2,468.00	
Other Expenses	63,100.00	63,100.00	46,687.59	4,325.57	12,086.84	
Recreation Commission (N.J.S. 40:61-17)						
Salaries and Wages	290,000.00	290,000.00	275,037.05		14,962.95	
Other Expenses	36,425.00	36,425.00	14,023.87	10,843.62	11,557.51	
Contribution to Urban Enterprise Zone						
Other Expenses	13,500.00	13,500.00	-		13,500.00	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS						
APPROPRIATIONS OFFSET BY REVENUES						
State Uniform Construction Code						
Salaries and Wages	62,000.00	52,500.00	36,983.17		15,516.83	
Other Expenses	27,800.00	27,800.00	13,815.12	3,611.75	10,373.13	
UTILITY EXPENSES AND BULK PURCHASES:						
Water	70,000.00	70,000.00	33,799.47	9,678.50	26,522.03	
Street Lighting	140,000.00	140,000.00	125,331.30	13,123.01	1,545.69	
Telephone	115,000.00	120,000.00	85,912.10	19,464.66	14,623.24	
Fire Hydrants	44,000.00	44,000.00	31,476.00	10,492.00	2,032.00	
Natural Gas	80,000.00	80,000.00	63,784.35	1,452.49	14,763.16	
Electric	220,000.00	220,000.00	137,713.19	22,544.41	59,742.40	
Gasoline	190,000.00	190,000.00	159,561.32	7,056.17	23,382.51	
Accumulated Absence Liability	30,000.00	70,000.00	-		70,000.00	
TOTAL OPERATIONS WITHIN "CAPS"	12,070,119.00	12,070,119.00	10,386,654.38	321,293.67	1,362,170.95	-
Contingent	3,000.00	3,000.00	266.94		2,733.06	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	12,073,119.00	12,073,119.00	10,386,921.32	321,293.67	1,364,904.01	-
Detail:						
Salaries and Wages	6,102,815.00	6,003,315.00	5,505,373.79	-	497,941.21	-
Other Expenses	5,970,304.00	6,069,804.00	4,881,547.53	321,293.67	866,962.80	-

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

Exhibit A - 3
Sheet 5

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

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEFERRED CHARGES/STATUTORY EXPENDITURES						
Deferred Charges:						
none		-				
Statutory Expenditures:						
Contributions to:						
Police and Fire Retirement System of N.J.	$ 407,880.00	407,880.00	405,880.00		2,000.00	
Public Employees Retirement System	305,104.00	305,104.00	302,271.94		2,832.06	
Social Security System (O.A.S.I.)	480,000.00	480,000.00	424,629.22		55,370.78	
Unemployment Compensation Insurance	32,000.00	32,000.00	32,000.00		-	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,224,984.00	1,224,984.00	1,164,781.16	-	60,202.84	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	13,298,103.00	13,298,103.00	11,551,702.48	321,293.67	1,425,106.85	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Employee Group Health	128,116.00	128,116.00	128,116.00		-	
Cape May County MUA - Charges	3,280,000.00	3,280,000.00	3,255,340.00		24,660.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	3,408,116.00	3,408,116.00	3,383,456.00	-	24,660.00	-
(A) Public and Private Programs Off-Set by Revenues						
Drunk Driving Enforcement Fund	4,550.12	4,550.12	4,550.12		-	
Police Body Armor Fund	2,338.88	2,338.88	2,338.88		-	
Recycling Tonnage Grant	12,841.89	12,841.89	12,841.89		-	
Clean Communities Program	18,873.15	18,873.15	18,873.15		-	
GWTIDA Summer Events	-	26,000.00	26,000.00		-	
Matching Funds for Grants	12,000.00	12,000.00			12,000.00	
Municipal Alliance Consortium - Local share	1,565.00	1,565.00	1,565.00		-	
State Aid Housing		-				
Salaries and Wages	13,000.00	13,000.00	13,000.00		-	
Total Public and Private Programs Off-Set by Revenues	65,169.04	91,169.04	79,169.04	-	12,000.00	-

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
Total Operations - Excluded from "CAPS"	$ 3,473,285.04	3,499,285.04	3,462,625.04	-	36,660.00	-
Detail:						
Salaries and Wages	13,000.00	13,000.00	13,000.00	-	-	-
Other Expenses	3,460,285.04	3,486,285.04	3,449,625.04	-	36,660.00	-
(C) Capital Improvements						
Capital Improvement Fund	350,000.00	350,000.00	350,000.00		-	
Emergency Sewer Repairs	120,000.00	120,000.00	74,131.21		45,868.79	
Public and Private Programs Offset by Revenues:						
Small Cities Program						
Reconstruction of Heather and Lavender, Lake	400,000.00	400,000.00	400,000.00		-	
Total Capital Improvements	870,000.00	870,000.00	824,131.21	-	45,868.79	-
(D) Debt Service						
Payment of Bond Principal	2,402,000.00	2,402,000.00	2,402,000.00			-
Payment of Bond Anticipation Notes	85,000.00	85,000.00	85,000.00			-
Interest on Bonds	539,901.00	539,901.00	539,901.00			-
Interest on Notes	96,500.00	96,500.00	96,492.50			7.50
USRDA						
Principal	18,945.17	18,945.17	18,945.17			-
Interest	60,824.83	60,824.83	60,824.83			-
New Jersey Environmental Infrastrucuture Trust						
Principal	221,781.00	221,781.00	221,780.17		-	0.83
Interest	44,725.00	44,725.00	44,725.00		-	-
Total Debt Service	3,469,677.00	3,469,677.00	3,469,668.67	-	-	8.33
(E) Deferred Charges						
Special Emergency Authorization	160,000.00	160,000.00	160,000.00		-	
Deferred Charges to Future Taxation - Unfunded Ordinance 1061(b)	400.00	400.00	400.00		-	
Total Deferred Charges	160,400.00	160,400.00	160,400.00	-	-	-

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	$ 7,973,362.04	7,999,362.04	7,916,824.92	-	82,528.79	8.33
SUBTOTAL GENERAL APPROPRIATIONS	21,271,465.04	21,297,465.04	19,468,527.40	321,293.67	1,507,635.64	8.33
(M) Reserve for Uncollected Taxes	770,161.78	770,161.78	770,161.78			
TOTAL GENERAL APPRORIATIONS	$ 22,041,626.82	22,067,626.82	20,238,689.18	321,293.67	1,507,635.64	8.33

Budget		22,041,626.82
Appropriations by 40A:4-87	$	26,000.00
Emergency Appropriations		-
		22,067,626.82

Reserve for Uncollected Taxes	770,161.78
Federal and State Grants	479,169.04
Deferred Charges - Special Emergency	160,000.00
Payroll Deductions Payable	1,984,847.50
Disbursements	16,844,510.86
	20,238,689.18

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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EXHIBIT B - TRUST FUND

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

		2013	2012
ASSETS			
Animal Control Fund:			
Cash	$	2,275.24	2,873.23
		2,275.24	2,873.23
Other Funds:			
Cash - Treasurer		949,684.01	790,930.78
Due from Current Fund		-	1,093.35
		949,684.01	792,024.13
	$	951,959.25	794,897.36
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due to State of New Jersey	$	-	1.20
Due to Current Fund		1.24	577.03
Reserve for Expenditures		2,274.00	2,295.00
		2,275.24	2,873.23
Other Funds:			
Due to State of New Jersey:			
Marriage License Fees		375.00	75.00
DCA State Training Fees		3,458.00	339.00
Due to Current Fund		1,881.57	-
Reserve for Encumbrances		-	14,954.42
Reserves - Miscellaneous		943,969.44	776,655.71
		949,684.01	792,024.13
	$	951,959.25	794,897.36

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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EXHIBIT C - CAPITAL FUND

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

	Ref.		2013	2012
ASSETS				
Cash		$	3,121,006.38	3,277,684.62
Deferred Charges to Future Taxation -				
Funded			17,109,504.91	19,752,230.25
Unfunded			21,538,400.00	20,719,800.00
			41,768,911.29	43,749,714.87
LIABILITIES, RESERVES AND FUND BALANCE				
Due to Current Fund			1,070.41	1,221.56
Serial Bonds Payable			11,895,000.00	14,297,000.00
USRDA Loans Payable			1,376,021.87	1,394,967.04
NJEIT Loan Payable			3,838,483.04	4,060,263.21
Bond Anticipation Notes Payable			8,538,400.00	7,719,400.00
Improvement Authorizations:				
Funded			1,254,470.23	1,098,431.39
Unfunded			14,076,989.07	13,923,576.37
Reserve for Encumbrances			67,553.09	360,549.34
Reserve for Payment of BAN's			61,000.00	-
Capital Improvement Fund			333,528.09	271,528.09
Fund Balance			326,395.49	622,777.87
		$	41,768,911.29	43,749,714.87

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

2012	13,000,400.00
2013	13,000,000.00

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

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

	Ref.	2013	2012
Beginning Balance January 1		$ 622,777.87	168,074.27
Increased by:			
Funded Improvement Authorizations Canceled		119,103.60	494,387.60
Premium Received at Note Sale		18,016.02	32,502.00
		759,897.49	694,963.87
Decreased by:			
Surplus budgeted in Current Fund		32,502.00	32,186.00
Appropriation to Finance Improvement Authorizations		401,000.00	40,000.00
Ending Balance December 31		$ 326,395.49	622,777.87

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

EXHIBIT E - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit E

STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31,
REGULATORY BASIS

		2013	2012
General Fixed Assets:			
Land	$	24,790,219.00	23,702,873.00
Buildings		8,842,833.00	8,196,220.00
Machinery and Equipment		7,506,994.00	7,625,342.00
		41,140,046.00	39,524,435.00
Investment in General Fixed Assets	$	41,140,046.00	39,524,435.00

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Wildwood Crest include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Wildwood Crest, 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 Borough of Wildwood Crest 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 Borough of Wildwood Crest accounts for its financial transactions through the following separate funds:

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

<u>Trust Funds</u> -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

<u>General Capital Fund</u> -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

<u>General Fixed Assets Account Group</u> -- 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.

<u>Revenues</u> -- 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. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of $2,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale 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 Borough of Wildwood Crest to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first $1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of $1,500.00 becoming delinquent after due date and if a delinquency is in excess of $10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity does not operate a sewer utility fund. However, sewer rents are levied and collected in the Current Fund. 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, March 1, June 1 and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility 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 Borough of Wildwood Crest to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Trust.

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity’s financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

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

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68”. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of $770,162 and $758,410. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was $1,680,000 and $1,400,000.

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 Borough Council.

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

The following budget transfers were approved in the 2013 and 2012 calendar years:

Fire Official		
Salaries and Wages	8,000	
Municipal Court		
Salaries and Wages		1,977
Borough Administration		
Salaries and Wages	(30,000)	
Financial Administration		
Salaries and Wages	6,000	
Other Expenses	(6,000)	
Assessment of Taxes		
Salaries and Wages	8,500	3,000
Other Expenses	13,500	(3,000)
Insurance		
Employee Group Health	(6,500)	
Health Benefit Waiver		
Salaries and Wages	6,500	
Engineer		
Other Expenses	11,000	
Sanitation		
Salaries and Wages		6,000
Parks and Buildings		
Salaries and Wages		(8,917)
Fleet Maintenance		
Salaries and Wages	(21,000)	
Other Expenses	10,000	10,000
State Uniform Construction Code		
Salaries and Wages	(9,500)	
Utilities		
Telephone	5,000	3,000
Water		5,000
Street Lighting		8,000
Fire Hydrants		3,000
Electric		(3,000)
Gasoline		20,000
Accumulated Absence Liability	40,000	4,541

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

Budget Category	2013	2012
Summer Events Grant - GWTIDA	$ 26,000	15,500
Bullletproof Vest Partnership		3,770
Small Cities Grant		400,000
NJ Transportation Trust Fund		183,377

The Borough may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for $800,000. The emergency was for Hurricane Damage from Hurricane Sandy. The unfunded balance as of December 31, 2013 was $640,000.

NOTE 3: INVESTMENTS

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. In order to maximize liquidity, while complying with statutory requirements, the Borough utilizes the New Jersey Cash Management Fund (“NJCMF”) and MBIA’s Cooperative Liquid Assets Securities System (“CLASS”) for investing purposes.

The NJCMF is administered by New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term commercial paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. At December 31, 2013 and 2012, the Borough’s balance was $7,094 and $7,090.

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.

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, $21,569 and $17,433 respectively of the municipality's bank balance of $14,175,555 and $13,438,201 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

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

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land	$ 23,763,687	233,688	(294,502)	23,702,873
Building and Improvements	7,497,718	404,000	294,502	8,196,220
Equipment and Machinery	7,188,450	436,892		7,625,342
	$ 38,449,855	1,074,580	-	39,524,435

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Land	$ 23,702,873	1,087,346		24,790,219
Building and Improvements	8,196,220	662,113	(15,500)	8,842,833
Equipment and Machinery	7,625,342	500,084	(618,432)	7,506,994
	$ 39,524,435	2,249,543	(633,932)	41,140,046

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NOTE 6: SHORT-TERM OBLIGATIONS

		Balance 12/31/11	Issued	Retired	Balance 12/31/12
Bond Anticipation Notes payable:					
General	$	5,375,300	7,719,400	5,375,300	7,719,400
	$	5,375,300	7,719,400	5,375,300	7,719,400

		Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation Notes payable:					
General	$	7,719,400	8,538,400	7,719,400	8,538,400
	$	7,719,400	8,538,400	7,719,400	8,538,400

The note was issued on 09/26/13 and is due and payable on 09/26/14 with interest at 1.00%. As of December 31, 2013 the entity has authorized but not issued bonds in the amount of $13,000,000 in the General Capital Fund.

NOTE 7: LONG TERM DEBT

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

		Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:						
General	$	16,587,000		2,290,000	14,297,000	2,402,000
Total	$	16,587,000	-	2,290,000	14,297,000	2,402,000
Other liabilities:						
Loans Payable						
General	$	5,690,153		234,923	5,455,230	240,725
Total long-term liabilities	$	22,277,153	-	2,524,923	19,752,230	2,642,725

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	$ 14,297,000		2,402,000	11,895,000	2,560,000
Total	$ 14,297,000	-	2,402,000	11,895,000	2,560,000
Other liabilities:					
Loans Payable:					
General	5,455,230		240,725	5,214,505	241,564
Total long-term liabilities	$ 19,752,230	-	2,642,725	17,109,505	2,801,564

Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:

$6,000,000 General Improvement Bonds dated September 1, 2006, due in annual installments through September 1, 2014, bearing interest at a varying rate ranging from 3.00% to 3.75%. The balance remaining as of December 31, 2013 is $1,660,000.

$13,135,000 General Improvement Bonds dated November 5, 2009, due in annual installments through November 1, 2023, bearing interest at a varying rate ranging from 3.0% to 4.0%. The balance remaining as of December 31, 2013 is $10,235,000.

$1,500,000 United States Rural Development Administration Loan dated June 23, 2006, due in semi-annual installments beginning December 23, 2006 through June 23, 2046, bearing interest at 4.375%. The balance remaining as of December 31, 2013 is $1,376,022.

$1,135,000 N.J. Environmental Trust Loan Bond Series A dated March 10, 2010, due in annual installments beginning August 1, 2011 through August 1, 2029, bearing interest at varying rates. The balance remaining as of December 31, 2013 is $1,010,000.

$3,476,677 N.J. Environmental Fund Loan Bond Series A dated March 10, 2010, due in semi-annual installments through August 1, 2029, bearing no interest. The balance remaining at December 31, 2013 is $2,828,483.

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

Year	Principal	Interest
2014	2,801,563	560,612
2015	1,142,438	468,237
2016	1,248,352	433,573
2017	1,249,306	390,119
2018	1,255,302	346,623
2019-2023	6,758,068	994,808
2024-2028	1,425,481	294,345
2029-2033	468,605	195,426
2034-2038	256,791	142,059
2039-2043	318,828	70,722
2044-2046	184,771	4,896
	$ 17,109,505	3,901,420

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year. The total interest charged to the current budget was $645,451.

Summary of Municipal Debt	Year 2013	Year 2012	Year 2011
Issued:			
General - Bonds, Loans and Notes	$ 25,647,905	27,471,630	27,652,453
Total Issued	25,647,905	27,471,630	27,652,453
Authorized but not issued:			
General - Bonds, Loans and Notes	13,000,000	13,000,400	1,419,200
Total Authorized But Not Issued	13,000,000	13,000,400	1,419,200
Total Bonds & Notes Issued and Authorized But Not Issued	$ 38,647,905	40,472,030	29,071,653

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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 .581%.

	Gross Debt	Deductions	Net Debt
General Debt	38,647,905	61,000	38,586,905
	$ 38,647,905	61,000	38,586,905

Net Debt $38,586,905 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $2,199,209,034 = 1.755%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	$	76,972,316
Net Debt		38,586,905
Remaining Borrowing Power	$	38,385,411

The Borough of Wildwood Crest School District, as a K-8 school district, is permitted to borrow up to 3.0% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

		2014	2013
Current Fund	$	1,780,000	1,680,000

NOTE 9: SCHOOL TAXES

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

	12/31/2013	12/31/2012
Balance of Tax	$ 3,215,352	3,121,793
Deferred	1,150,000	1,250,000
Tax Payable	$ 2,065,352	1,871,793

NOTE 10: TAXES COLLECTED IN ADVANCE

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

		Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	$	615,164	605,209
Cash Liability for Taxes Collected in Advance	$	615,164	605,209

NOTE 11: 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/annrprts.shtml.

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.3% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were $302,272, $301,213 and $290,312.

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 entity's contributions to PFRS for the years ended December 31, 2013, 2013, and 2011 were $405,880, $424,793, and $460,188.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was $5,706,182, $5,727,360 and $5,560,725. Payroll covered by PFRS was $1,641,333, $1,628,835 and $1,641,838. Payroll covered by PERS was $2,308,386, $2,394,366 and $2,589,930.

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 ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%.
- For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

NOTE 12: POST-RETIREMENT BENEFITS

Plan Description The Borough of Wildwood Crest 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 5 collective bargaining units as well as unaffiliated 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 as follows:

Policemen Benevolent Association Local 59 – Individuals below the rank of Lieutenant who retire with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement. Spousal benefits continue upon retiree's death.

Policemen Benevolent Association Local 59 (Superior Officers) – Individuals above the rank of Lieutenant who retire with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement. Spousal benefits continue upon retiree's death.

All Other Bargaining Units and Non Affiliated Employees - Individuals who retired with at least 25 years of service or after attainment of age 62 and completion of 15 years of service in the Public Employees' Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement.

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 Borough of Wildwood Crest on a monthly basis. The rates charged by the system for the year ended December 31, 2013 vary according to the type of coverage selected by the retiree and range from $770 to $2,381 monthly per retiree.

The Borough of Wildwood Crest contributions to SHBP for post-retirement benefits for the year ended December 31, 2013 and 2012 were $708,454 and $583,156 respectively, which equaled the required contribution for the year.

The Borough utilizes the New Jersey State Health Benefits Plan for Health Insurance, however, they also provide post-retirement benefits for vision, dental, and life insurance that are not included as a part of the State Health Benefits Plan. These benefits are budgeted by the Borough annually on a "pay as you go basis" and included in group insurance.

In accordance with GASB 45 and the State of New Jersey, the Borough is required to obtain an actuarial valuation of the liability for providing these benefits. This is the second valuation and the actuary is using the entry age normal funding method. The actuarial valuation report was based on 113 total participants including 40 retirees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

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

Actuarial Methods and Assumptions

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

In the January 1, 2012 Actuarial Valuation Report, the projected unit credit method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.0%, annual vision care costs to increase 5% per year, Medicare Part B premiums are assumed to increase at 6.5% per year and no increases in dental claim costs or life insurance premiums. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level dollar amount.

Other Post-employment Benefit Costs and Obligations

The following reflects the components of the 2012 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2012 actuarial valuation and actual OPEB payments made or accrued during 2013:

	December 31, 2012
Net OPEB Obligation - Beginning of Year	$ 2,080,000
Annual OPEB Cost	520,000
OPEB Payments	(73,981)
Increase in Net OPEB Obligation	446,019
Net OPEB Obligation - End of Year	$ 2,526,019
Percentage of OPEB Cost Contributed	14.23%

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	$ 420,032	9.44%	$ 1,680,000
12/31/2012	510,000	13.73%	2,080,000
12/31/2013	520,000	14.23%	2,526,019

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NOTE 13: ACCRUED SICK AND VACATION BENEFITS

The Borough permits eligible employees to accrue unused vacation and personal time for up to one year after the time has been earned. Unused accrued vacation and personal time expires at the end of the two-year period.

The Borough also permits employees to accrue earned and unused sick time, which may be taken as time off or paid at the rate of pay applicable at time of termination. A portion of the monetary value of unused sick leave and vacation has been reserved on the balance sheet by charges to operations. This liability may be affected by conditions, which could preclude an employee from receiving full payment of the accrual. The reserve for accumulated absences in the Current and Trust Funds at December 31, 2013 is $218,675. The total liability of accrued sick leave and vacation for all eligible employees at December 31, 2013 is estimated to be $375,104.

NOTE 14: ECONOMIC DEPENDENCY

The Borough of Wildwood Crest is not economically dependent on any one business. The tourism industry is a major source of tax revenue for the entity.

NOTE 15: RISK MANAGEMENT

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

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

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of $100,000 under JIF, which increases to $5,000,000 under MEL.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Borough is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. Previously, the Borough funded the plan under the “Benefit Reimbursement Method” and has to following remaining in the Trust Fund:

Calendar Year	Borough Contributions	Employee Contributions	Interest Earned	Amount Contributed	Ending Balance
2013	32,000	-	-	27,033	15,634
2012	30,500	-	-	26,426	10,667
2011	20,500	-	-	25,726	6,593

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NOTE 16: DEFERRED COMPENSATION

Employees of the Borough of Wildwood Crest 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.

NOTE 17: LABOR CONTRACTS

As of December 31, 2013, the Borough's employees are organized in five collective bargaining units. The contracts with Wildwood Crest Rescue Career Employees Policeman's Benevolent Association (Superior Officers) expires 12/31/14; contracts with the Policeman's Benevolent Association (PBA) and United Independent Union expires 12/31/15, The contract with the Wildwood Crest Police Public Safety Telecommunicators expired 12/31/13.,

Bargaining Unit	Job Category	Members
PBA	Police	All uniformed police below rank of Lieutenant excluding Chief
PBA (Superior Officers)	Police	All police above rank of Lieutenant excluding Chief
Public Safety Telecommunicators	Police Dispatch	All police dispatch employees
Rescue Career Workers	EMS	EMS employees covered by bargaining unit
United Independent Union	Public Works	All Sanitation employees

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: INTERFUND BALANCES

As of December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Borough of Wildwood Crest:

		Due From	Due To
Current Fund:			
Animal Control Fund	$	1.24	
General Capital Fund		1,070.41	
Other Trust Fund		1,881.57	
Trust Fund:			
Current - Animal Control Fund			1.24
Current - Other Trust Fund			1,881.57
General Capital Fund:			
Current Fund			1,070.41
	$	2,953.22	2,953.22

The amounts due to the Current fund from the Animal Control fund, General Capital fund and the Other Trust fund are due to interest not transferred by year end.

NOTE 20: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 27, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY DATA

FORD - SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
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<u>Independent Auditor's Report</u>

The Honorable Mayor and
Members of Board of Commissioners
Borough of Wildwood Crest, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 27, 2014, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. These deficiencies are titled 2013-1 and 2013-2.

Compliance and Other Matters

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

Response to Findings

The Borough's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on them.

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

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

June 27, 2014

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Independent Auditor's Report

The Honorable Mayor and
Members of the Board of Commissioners
Borough of Wildwood Crest, N.J.

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

June 27, 2014

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

Federal Grantor / Pass-through Grantor Program	CFDA Number	Pass-Through Entity ID#	Grant Period From	Grant Period To	Program or Award Amount	Unexpended Balance 12/31/12	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/13	MEMO ONLY Accumulated Expenditures
Department of Homeland Security											
FEMA Assistance	97.042	N/A	1/1/2007	12/31/2007	5,000.00	5,000.00				5,000.00	-
FEMA Disaster Assistance - Hurricane Sandy	97.036	N/A	10/1/2012	12/31/2013	162,229.20		127,406.55	127,406.55		-	162,229.20
											-
Total Department of Homeland Security						5,000.00	127,406.55	127,406.55	-	5,000.00	
Department of Justice											
Police Domestic Violence	16.588	N/A	1/1/2007	12/31/2008	254,475.00					-	162,615.08
Police Domestic Violence (ARRA)	16.588	N/A	1/1/2011	12/31/2012	308,996.00	177,664.33		104,381.93		73,282.40	235,713.60
Bulletproof Vest Partnership	16.607	N/A	1/1/2006	12/31/2006	1,615.63	47.22		47.22		-	1,615.63
Bulletproof Vest Partnership	16.607	N/A	1/1/2010	12/31/2010	3,260.18	3,260.18		876.28		2,383.90	876.28
Bulletproof Vest Partnership	16.607	N/A	1/1/2011	12/31/2011	3,770.00	3,380.00		923.50		2,456.50	1,313.50
										-	
Total Department of Justice						184,351.73	-	106,228.93	-	78,122.80	
Department of Housing and Urban Development											
CDBG - State Administered - CDBG Cluster:											
Pass through New Jersey Department of Community Affairs											
Small Cities - Atlantic Avenue	14.228	09-0607	1/1/2009	6/30/2011	487,860.00	1,069.78				1,069.78	486,790.22
Small Cities - Cresse Ave/Lake Road	14.228	-	1/1/2012	12/31/2013	400,000.00	129,450.05		74,261.68		55,188.37	344,811.63
Small Cities - Heather, Lavender and Lake	14.228		1/1/2013	12/31/2014	400,000.00		400,000.00	352,923.32		47,076.68	352,923.32
										-	-
Total Department of Housing and Urban Development						130,519.83	400,000.00	427,185.00	-	103,334.83	
Total Federal Assistance						319,871.56	527,406.55	660,820.48	-	186,457.63	

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From	Grant Period To	Grant Award	Unexpended Balance 12/31/12	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/13	MEMO ONLY Accumulated Expenditures
Department of Transportation:										
Trust Fund Authority Act of 1984: By Formula										
Reconstruction of Heather Road	6320-480-601385-61	1/1/2010	12/31/2010	$ 186,000.00	$ 116.84			$ -	$ 116.84	$ 185,883.16
Rambler Road Bikeway	6320-480-0786300-EFR-7310	2/11/2010	2/16/2012	250,000.00					-	250,000.00
Reconstruction of New Jersey Ave - Phase I	6320-480-601385-61	1/1/2012	12/31/2012	183,377.00	183,377.00				183,377.00	-
Total Department of Transportation					183,493.84	-	-	-	183,493.84	
Department of Community Affairs										
Cooperative Housing Inspections	N/A	1/1/2006	12/31/2006	33,000.00	31,271.59		10,999.82		20,271.77	12,728.23
Cooperative Housing Inspections	N/A	1/1/2007	12/31/2007	6,000.00	6,000.00				6,000.00	-
Cooperative Housing Inspections	N/A	1/1/2008	12/31/2008	12,000.00	12,000.00				12,000.00	-
Cooperative Housing Inspections	N/A	1/1/2009	12/31/2009	15,000.00	15,000.00				15,000.00	-
Cooperative Housing Inspections	N/A	1/1/2010	12/31/2010	91,000.00	91,000.00				91,000.00	-
Cooperative Housing Inspections	N/A	1/1/2011	12/31/2011	12,000.00	12,000.00				12,000.00	-
Cooperative Housing Inspections	N/A	1/1/2013	12/31/2013	13,000.00		13,000.00			13,000.00	-
Total Department of Community Affairs					167,271.59	13,000.00	10,999.82	-	169,271.77	
Department of Commerce and Economic Development										
UEZ - Adminisrative Funding	N/A	7/1/2010	6/30/2011	11,728.73	7,262.29				7,262.29	4,466.44
UEZ - Assistance Fund	N/A	7/1/2010	6/30/2011	202,050.02	51,710.55		1,453.60		50,256.95	151,793.07
Total Department of Transportation					58,972.84	-	1,453.60	-	57,519.24	
Department of Law and Public Safety										
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/206	12/31/2006	6,403.27	874.32		462.50		411.82	5,991.45
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2007	12/31/2007	6,011.54	6,011.54				6,011.54	-
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2008	12/31/2008	4,806.10	4,806.10				4,806.10	-
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2009	12/31/2009	5,422.67	5,422.67				5,422.67	-
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2010	12/31/2010	5,546.23	5,546.23				5,546.23	-
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2011	12/31/2011	4,236.91	4,236.91				4,236.91	-
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2012	12/31/2012	4,550.12	4,550.12				4,550.12	-
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/2013	12/31/2013	4,548.02		4,548.02			4,548.02	-
Municipal Court Alcohol Educ. & Rehab Program	9735-760-098-Y900	1/1/2004	12/31/2004	1,934.83	1,269.29				1,269.29	665.54
Municipal Court Alcohol Educ. & Rehab Program	9735-760-098-Y900	1/1/2005	12/31/2005	2,271.33	2,271.33				2,271.33	-
Municipal Court Alcohol Educ. & Rehab Program	9735-760-098-Y900	1/1/2006	12/31/2006	471.62	471.62				471.62	-
Body Armor Grant	1020-718-066-1020	1/1/2010	12/31/2010	3,168.57	3,091.55		1,847.00		1,244.55	1,924.02
Body Armor Grant	1020-718-066-1020	1/1/2011	12/31/2011	2,289.36	2,289.36				2,289.36	-
Body Armor Grant	1020-718-066-1020	1/1/2012	12/31/2012	2,338.88	2,338.88				2,338.88	-
Body Armor Grant	1020-718-066-1020	1/1/2013	12/31/2013	2,669.14		2,669.14			2,669.14	-
Total Department of Law and Public Safety					43,179.92	7,217.16	2,309.50	-	48,087.58	
Department of Environmental Protection										
Clean Communities Program	4900-765-042-4900	1/1/2013	12/31/2013	22,158.60		22,158.60			22,158.60	-
Clean Communities Program	4900-765-042-4900	1/1/2012	12/31/2012	18,873.15	18,873.15		6,056.12		12,817.03	6,056.12
Clean Communities Program	4900-765-042-4900	1/1/2011	12/31/2011	19,182.91	10,420.29		10,420.29		-	19,182.91
Recycling Tonnage Grant	4855-100-042-4855	1/1/2013	12/31/2013	13,750.74		13,750.74			13,750.74	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2012	12/31/2012	12,841.89	12,841.89				12,841.89	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2011	12/31/2011	12,790.44	12,790.44				12,790.44	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2010	12/31/2010	5,939.49	5,939.49		3,390.94		2,548.55	3,390.94
Recycling Tonnage Grant	4855-100-042-4855	1/1/2009	12/31/2009	6,850.21	6,850.21		6,850.21		-	6,850.21
Recycling Tonnage Grant	4855-100-042-4855	1/1/2008	12/31/2008	7,277.30	1,711.07		1,711.07		-	7,277.30
Recreational Trails	N/A	1/1/2005	12/31/2005	10,500.00					0.00	-
Total Department of Environmental Protection					69,426.54	35,909.34	28,428.63	-	76,907.25	
Total State Assistance					522,344.73	56,126.50	43,191.55	-	535,279.68	

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From	Grant Period To	Grant Award	Unexpended Balance 12/31/12	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/13	MEMO ONLY Accumulated Expenditures
Local Assistance										
Local Donation										
Scoop Taylor Park	N/A	N/A	N/A	5,615.44	5,615.44				5,615.44	-
Rambler Road Gazebo Landscpaping	N/A	N/A	N/A	2,500.00	2,500.00				2,500.00	-
Comcast										
Technology Grant	N/A	1/1/2011	12/31/2011	15,000.00	11,192.00		11,083.45		108.55	14,891.45
GWTDA										
Summer Events	N/A	1/1/2011	12/31/2011	21,000.00	12,965.80				12,965.80	8,034.20
Summer Events	N/A	1/1/2012	12/31/2012	15,500.00	2,002.91		(288.00)		2,290.91	13,209.09
Summer Events	N/A	1/1/2013	12/31/2013	26,000.00		26,000.00	25,727.48		272.52	25,727.48
County of Cape May										
Municipal Joint Venture	N/A	1/1/2007	12/31/2007	63,908.00	976.00				976.00	62,932.00
Municipal Joint Venture	N/A	1/1/2008	12/31/2008	59,119.00	3,662.90				3,662.90	55,456.10
Total Local Assistance					38,915.05	26,000.00	36,522.93	0.00	28,392.12	
Total Federal State and Local Assistance					$ 881,131.34	$ 609,533.05	$ 740,534.96	$ -	$ 750,129.43	

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

Note 1: General

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Wildwood Crest. The Borough is defined in Note 1 to the Borough's financial statements – regulatory basis.

Note 2: Basis of Accounting

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

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements – regulatory basis. The financial statements – regulatory basis present the Grant Fund and Capital Funds on a budgetary basis. The Grant Fund and the Capital Funds are presented in the accompanying schedule on the grant accounting basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	Federal	State	Other	Total
Grant Fund	$ 545,381.58	$ 46,971.55	$ 37,860.93	$ 630,214.06
Current Fund	127,406.55			127,406.55
Total Financial Assistance	$ 672,788.13	$ 46,971.55	$ 37,860.93	$ 757,620.61

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports excluding the recognition of encumbrances as expenditures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued	Adverse GAAP - Unqualified Regulatory			
Internal control over financial reporting: 1) Material weakness(es) identified?		yes	X	no
2) Significant deficiency(ies) Identified?	x	yes		no
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards Section

Internal Control over compliance: Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	no
Type of auditor's report on compliance for major programs	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?		yes	X	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	HUD - Small Cities Grant Program

Dollar threshold used to distinguish between Type A and Type B programs	$300,000			
Auditee qualified as low-risk auditee		yes	X	no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Part I -- Summary of Auditor's Results

State Awards Section Not Applicable

Internal Control over compliance
Material weakness(es) identified? ________ yes ________ no

Significant deficiency(ies) identified? ________ yes ________ no

Type of auditor's report on compliance for major programs ____________________

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ________ yes ________ no

Identification of major programs

GMIS Number(s)	Name of State Program

Dollar threshold used to distinguish between Type A and Type B programs ____________________

Auditee qualified as low-risk auditee ________ yes ________ no ________

Part II - Schedule of Financial Statement Findings

Finding 13-1
Criteria
Payments of claims are submitted for approval upon receipt of a valid invoice from a vendor. These bills are routinely approved twice monthly.

Condition
Extended audit procedures found instances where the Borough had significant past due amounts on utility and other vendor bills.

Cause
It appears some monthly bills and invoices were lost and not submitted for payment. Other valid payments appear to have been misapplied by the vendors with no follow up for correction by the Finance Office.

Effect
An undeterminable liability existed at December 31, 2013 for services provided by vendors that was not recorded in the accounting system.

Recommendation
That internal controls be improved in the area of payment of claims to reconcile any past due amounts on vendor invoices to subsequent payments.

Management Response
Management had identified the past due amounts on utility and other vendor invoices in early 2014. Action has been taken to review and reconcile vendor monthly account statements and bring vendor accounts to a current status.

Finding 13-2
Criteria
The payroll account is a zero imprest type of account where the only amounts deposited should be net payroll and related deductions.

Condition
The Finance Office did not perform an analysis of the activity in and out of the payroll account for 2013 and prior years.

Cause
The cause is not known.

Effect
More than $6.2 million of activity goes in and out of this account with no analysis. The bank account is reconciled and has more than $21,000 of unaccounted funds on the reconciliation.

Recommendation
That an analysis of the activity in the payroll account be performed on a monthly basis and be maintained for audit.

Management Response
Management agrees that an analysis of the activity in the payroll account should be performed on a monthly basis and be maintained for audit. Corrective action will be taken in 2014 to provide such analysis for audit.

Part III – Schedule of Federal and State Award Findings and Questioned Costs

NONE

Status of Prior Year Recommendations

NONE

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Current Fund	
Balance December 31, 2012	$		9,212,654.28
Increased by Receipts:			
Tax Collector		29,237,548.44	
Revenue Accounts Receivable		1,848,762.35	
Miscellaneous Revenue		388,003.63	
State of New Jersey:			
Senior Citizen and Veterans Deductions		66,664.62	
Homestead Benefit Credit		164,156.38	
Due to GWTIDA		323,899.40	
Prepaid GWTIDA		1,320.00	
Due to TDC		65,164.00	
Prepaid TDC Fees		600.00	
Prepaid Licenses		2,100.00	
Reserve - Beach Operations Off-Set		217,620.21	
Due from General Capital Fund		1,221.56	
Due from Animal Control Fund		577.03	
Due to Trusts - Other		243.13	
Federal and State Unappropriated Reserves		69,126.50	
Federal and State Receivables		594,022.49	
			32,981,029.74
			42,193,684.02
Decreased by Disbursements:			
Current Year Appropriation		16,844,510.86	
Prior Year Appropriations		333,307.63	
County Taxes		5,368,551.14	
Local District School Taxes		6,386,453.50	
Tax Overpayments		4,722.81	
Payroll Deductions Payable		1,984,847.50	
Reserve for Hurricane Sandy Expenses		495,396.78	
Due to GWTIDA		325,439.40	
Due to TDC		65,864.00	
Federal and State Disbursements		620,963.80	
			32,430,057.42
Balance December 31, 2013	$		9,763,626.60

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2012		$	-
Increased by Receipts:			
Prepaid Taxes	615,164.00		
Tax Overpayments	1,890.98		
Taxes Receivable	25,037,514.06		
Revenue Accounts Receivable	3,564,223.83		
Prepaid Sewer Rents	15,629.25		
Miscellaneous Revenue	3,126.32		
			29,237,548.44
			29,237,548.44
Payments to Treasurer			29,237,548.44
Balance December 31, 2013		$	-

See Accompanying Auditor's Report

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash 2012	Collections by Cash 2013	Overpayments Applied	Transferred To Tax Title Lien	Cancelled	Balance Dec. 31, 2013
Arrears	$ 4,382.55					4,382.55				-
2011	4,569.96					4,569.96				-
2012	461,139.85		2,000.00	12,897.40		461,605.19			14,432.06	(0.00)
	470,092.36	-	2,000.00	12,897.40	-	470,557.70	-	-	14,432.06	(0.00)
2013	-	25,986,264.54	46,600.79	1,890.98	603,430.51	24,801,077.62	13,571.37		137,874.06	478,802.75
	$ 470,092.36	25,986,264.54	48,600.79	14,788.38	603,430.51	25,271,635.32	13,571.37	-	152,306.12	478,802.75

25,037,514.06	Cash Receipts
164,156.38	Homestead Benefit Credit
69,964.88	Senior Citizens and Veterans
25,271,635.32	

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	25,986,264.54	
Added Taxes (54:4-63.1 et. Seq.)	46,600.79	
		26,032,865.33
Tax Levy:		
General County Taxes	4,500,790.21	
County Library Taxes	638,405.77	
County Open Space Taxes	220,139.20	
County Added and Omitted Taxes	9,940.24	
Total County Taxes		5,369,275.42
Local School District Tax		6,480,013.00
Local Tax for Municipal Purposes	14,097,059.46	
Add: Additional Tax Levied	86,517.45	
		14,183,576.91
		26,032,865.33

See Accompanying Auditor's Report

Exhibit A - 8

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued in 2013	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2013
Borough Clerk:	$				
Licenses - Other		201,108.00		201,108.00	
Fees and Permits		136,108.12		136,108.12	
Recreation Income - Pool		79,525.00		79,525.00	
TV Cable Franschise Fee		42,111.80		42,111.80	
Municipal Court:		-			
Fines and Costs	4,574.09	139,265.16		138,617.07	5,222.18
Parking Meters		242,108.93		242,108.93	
Interest and Costs on Taxes		100,720.81	100,720.81		
Interest Earned on Investments and Deposits		60,791.19		60,791.19	
Municipal Pier and Concession Income		173,479.35		173,479.35	
Interest and Costs on Delinquent Sewer Rents		21,242.76	21,242.76		
Sewer Rents	202,275.23	3,239,985.03	3,442,260.26		196,265.17
Ambulance Fees		176,337.51		176,337.51	
Fees and Permits - Craft Show		5,110.00		5,110.00	
Uniform Fire Safety Act		176,890.07		176,890.07	
Energy Receipts Tax		381,045.00		381,045.00	
Anticipated General Capital Fund Balance		32,502.00		32,502.00	
GWTDA Municipal Event Support		33,453.80		33,453.80	
Beach Operation Offset - Reserved		262,416.32		262,416.32	
	$ 206,849.32	5,504,200.85	3,564,223.83	2,141,604.16	201,487.35
	A	Res.	A-5		A

Prepayment Applied	A	2,460.00
Reserve for Beach Operations Off-Set		262,416.32
Due from General Capital Fund		1,070.51
Due from Trusts - Other		3,218.05
Sewer Overpayments Applied		23,676.93
Collected	A-4	1,848,762.35
		2,141,604.16

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expended
OPERATIONS WITHIN "CAPS"					
Other Expenses:					
Department of Public Affairs and Public Safety:		-		-	
Director's Office	$ 2,862.04	2,862.04	(295.00)	3,157.04	
Local Code Enforcement	4,817.47	4,817.47		4,817.47	
Fire	32,501.17	32,501.17	5,089.80	27,411.37	
Police	64,815.88	64,815.88	48,690.94	16,124.94	
Municipal Prosecutor	1,500.00	1,500.00	1,500.00	-	
Legal	22,197.50	22,197.50	10,122.00	12,075.50	
Services of Ambulance	16,343.62	16,343.62	11,220.27	5,123.35	
Lifeguards	2,383.71	2,383.71	57.44	2,326.27	
Land Use Administration	32,588.06	32,588.06	2,143.24	30,444.82	
Traffic Maintenance	19,283.93	19,283.93	12,055.03	7,228.90	
Fire Official	13,796.45	13,796.45	604.37	13,192.08	
Municipal Court	4,498.88	4,498.88	553.03	3,945.85	
Public Defender	2,585.36	2,585.36	2,083.32	502.04	
Health					
		-		-	
Department of Revenue and Finance:					
Borough Administration	23,572.54	23,572.54	4,099.75	19,472.79	
Financial Administration	12,854.46	12,854.46	4,184.03	8,670.43	
Collection of Taxes	9,994.80	9,994.80	179.92	9,814.88	
Assessment of Taxes	11,596.78	11,596.78	59.78	11,537.00	
Group Insurance	257,370.51	257,370.51	40,073.84	217,296.67	
Department of Public Works, Parks and Public Property:		-			
Engineer	9,151.76	16,151.76	14,156.46	1,995.30	
Landfill	38,401.88	38,401.88	12,139.56	26,262.32	
Public Works	25,160.45	25,160.45	8,662.16	16,498.29	
Recreation Buildings	38,077.15	38,077.15	8,140.57	29,936.58	
Beach Cleaning	9,639.42	9,639.42	8,317.89	1,321.53	
Sanitation	23,992.13	23,992.13	2,376.35	21,615.78	
Parks and Buildings	33,849.16	33,849.16	20,475.85	13,373.31	
Sewerage	47,712.37	40,712.37	337.20	40,375.17	
Fleet Maintenance	13,079.13	13,079.13	6,258.36	6,820.77	
Recreation Commission (N.J.S. 40:61-17)	23,329.00	23,329.00	7,405.13	15,923.87	
		-		-	
Uniform Construction Code - Appropriation Offset by Dedicated Revenue					
State Uniform Construction Code	20,905.53	20,905.53	3,571.74	17,333.79	
		-		-	
Utility Expenses and Bulk Purchases					
Water	19,183.75	19,183.75	12,242.35	6,941.40	
Street Lighting	19,187.90	19,187.90	11,622.87	7,565.03	
Telephone	7,158.50	10,158.50	7,309.91	2,848.59	
Fire Hydrants	11,207.00	11,207.00	10,492.00	715.00	
Natural Gas	18,745.56	18,745.56	6,708.72	12,036.84	
Electric	41,322.73	41,322.73	12,317.77	29,004.96	
Gasoline	15,718.75	12,718.75	1,062.18	11,656.57	
Accumulated Absence Liability	4,541.58	4,541.58	4,541.58	-	
Capital Improvements					
Emergency Sewer Repairs	92,717.90	92,717.90	32,747.22	59,970.68	
All Other Accounts - No Change	271,134.45	271,134.45		271,134.45	
	$ 1,319,779.26	1,319,779.26	333,307.63	986,471.63	-

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2012			
School Tax Payable	$	1,871,792.94	
School Tax Deferred		1,250,000.00	
			3,121,792.94
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			6,480,013.00
			9,601,805.94
Decreased by:			
Payments			6,386,453.50
Balance December 31, 2013			
School Tax Payable		2,065,352.44	
School Tax Deferred		1,150,000.00	
			3,215,352.44
Current Year Liability for Local School District School Tax:			
Tax Paid			6,386,453.50
Tax Payable Ending			2,065,352.44
			8,451,805.94
Less: Tax Payable Beginning			1,871,792.94
Amount Charged to Current Year Operations	$		6,580,013.00

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Cancelled	Balance Dec. 31, 2013
FEDERAL GRANTS:					
Federal Domestic Violence Grant					
2011 Grant (ARRA)	$ 198,790.46		122,767.53		76,022.93
Bulletproof Vest Partnership					
2004 Grant	1,262.69				1,262.69
2012 Grant	3,770.00				3,770.00
Small Cities - Rambler Road	16,679.96				16,679.96
Small Cities - Cresse Ave/Lake Drive	129,450.00		90,940.96		38,509.04
Small Cities - Heather,Lavender, Lake		400,000.00	368,123.00		31,877.00
Total Federal	349,953.11	400,000.00	581,831.49	-	168,121.62
STATE GRANTS:					
Cooperative Housing Inspections					
2011 Grant	37,788.00		1,543.00		36,245.00
2012 Grant	12,000.00				12,000.00
2013 Grant		13,000.00	10,648.00		2,352.00
New Jersey Transportation Trust Fund:					
2008 - Seaview Avenue	35,000.00				35,000.00
2009 - Seaview Avenue	40,000.00				40,000.00
2010 - Heather Road	46,500.00				46,500.00
2011 - Rambler Road Bikeway	62,500.00				62,500.00
2012 - New Jersey Ave. - Phase I	183,377.00				183,377.00
Police Body Armor - 2012		2,338.88	2,338.88		-
Drunk Driving Enforcement - 2012		4,550.12	4,550.12		-

See Accompanying Auditor's Report

Exhibit A - 11

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Cancelled	Balance Dec. 31, 2013
Clean Communities - 2012	$	18,873.15	18,873.15		-
Recycling Tonnage Grant - 2012		12,841.89	12,841.89		-
Total State	417,165.00	51,604.04	50,795.04	-	417,974.00
LOCAL GRANTS:					
GWTIDA - Summer Events 2012	2,000.00				2,000.00
GWTIDA - Summer Events 2013		26,000.00	26,000.00		-
Total Local	2,000.00	26,000.00	26,000.00	-	2,000.00
	$ 769,118.11	477,604.04	658,626.53	-	588,095.62

Cash	594,022.49
Unappropriated Reserves	64,604.04
	658,626.53

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2012						
	Appropriated	Reserve for Encumbrances	2013 Appropriations	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2013
FEDERAL GRANTS:							
Federal Domestic Violence Grant							
2011 (ARRA)	$ 177,664.33	11,577.65		115,959.58			73,282.40
Emergency Management 2007	5,000.00						5,000.00
Bulletproof Vest Partnership							
2006	47.22			47.22			0.00
2010	3,260.18			876.28			2,383.90
2012	3,380.00	390.00		390.00	923.50		2,456.50
Small Cities Grant							
Atlantic Avenue	1,069.78						1,069.78
Cresse Avenue/Lake Road	129,450.05			74,261.68			55,188.37
Heather,Lavender, Lake Ave.			400,000.00	352,923.32			47,076.68
Total Federal	319,871.56	11,967.65	400,000.00	544,458.08	923.50	-	186,457.63
STATE GRANTS:							
Clean Communities Grant:							
2011	10,420.29	3,390.00		13,810.29			(0.00)
2012			18,873.15	569.12	5,487.00		12,817.03
							-
Municipal Court Alcohol Education Program:							-
2004	1,269.29						1,269.29
2005	2,271.33						2,271.33
2006	471.62						471.62
Drunk Driving Enforcement Fund:							
2006	874.32			307.50	155.00		411.82
2007	6,011.54						6,011.54
2008	4,806.10						4,806.10
2009	5,422.67						5,422.67
2010	5,546.23						5,546.23
2011	4,236.91						4,236.91
2012			4,550.12				4,550.12
Cooperative Housing Inspections:							
2006	31,271.59			10,999.82			20,271.77
2007	6,000.00						6,000.00
2008	12,000.00						12,000.00
2009	15,000.00						15,000.00
2010	91,000.00						91,000.00
2011	12,000.00						12,000.00
2013			13,000.00				13,000.00

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2012 Appropriated	Balance December 31, 2012 Reserve for Encumbrances	2013 Appropriations	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2013
Recycling Tonnage Grant	-						-
2008	$ 1,711.07			1,711.07			-
2009	6,850.21			6,850.21			-
2010	5,939.49			1,670.94	1,720.00		2,548.55
2011	12,790.44						12,790.44
2012			12,841.89				12,841.89
Police Body Armor Grant							
2010	3,091.55			923.50	923.50		1,244.55
2011	2,289.36	390.00		390.00			2,289.36
2012			2,338.88				2,338.88
N.J. Transportation Trust Fund							
Heather Road	116.84						116.84
New Jersey Avenue - Phase I	183,377.00						183,377.00
UEZ Administrative Funding - 2011	7,262.29						7,262.29
UEZ assistance Fund - 2011	51,710.55			1,453.60			50,256.95
Total State	483,740.69	3,780.00	51,604.04	38,686.05	8,285.50	-	492,153.18
LOCAL GRANTS:							
Scoop Taylor Park	5,615.44						5,615.44
Rambler Road Gazebo Landscaping	2,500.00						2,500.00
GWTIDA - Summer Events							
2011	12,965.80						12,965.80
2012	2,002.91	576.00		288.00			2,290.91
2013			26,000.00	25,727.48			272.52
Comcast Technology Grant - 2011	11,192.00	762.00		11,804.19	41.26		108.55
Municipal Joint Venture Program							
2007	976.00						976.00
2008	3,662.90						3,662.90
Total Local	38,915.05	1,338.00	26,000.00	37,819.67	41.26	-	28,392.12
	$ 842,527.30	17,085.65	477,604.04	620,963.80	9,250.26	-	707,002.93

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose	Balance Dec. 31, 2012	Transferred To 2013 Approproriations	Received	Balance Dec. 31, 2013
STATE GRANTS:				
Recycling Tonnage Grant - 2012	$ 12,841.89	12,841.89		-
Recycling Tonnage Grant - 2013			13,750.74	13,750.74
Police Body Armor Grant - 2012	2,338.88	2,338.88		-
Police Body Armor Grant - 2013			2,669.14	2,669.14
Drunk Driving Enforcement Fund - 2012	4,550.12	4,550.12		-
Drunk Driving Enforcement Fund - 2013			4,548.02	4,548.02
Clean Communities Grant - 2012	18,873.15	18,873.15		-
Clean Communities Grant - 2013			22,158.60	22,158.60
Total State	38,604.04	38,604.04	43,126.50	43,126.50
OTHER GRANTS:				
GWTDA Summer Events - 2013		26,000.00	26,000.00	-
Total Other	-	26,000.00	26,000.00	-
Grand Total	$ 38,604.04	64,604.04	69,126.50	43,126.50

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF CASH - TREASURER

		Animal Control			Other
Balance December 31, 2012	$		2,873.23		790,930.78
Increased By:					
State Dog License Fees		162.60			
Municipal Dog License Fees		1,395.00			
Due to Current Fund		13.86		71,114.10	
Marriage License Fees				1,275.00	
DCA State Training Fees				8,709.00	
Other Reserves				908,524.19	
			1,571.46		989,622.29
			4,444.69		1,780,553.07
Decreased By:					
Paid to State of NJ		163.80		6,565.00	
Dog Fund Expenditures		1,416.00			
Reserve for Encumbrances				14,954.42	
Current Fund		589.65		68,139.18	
Other Reserves				741,210.46	
			2,169.45		830,869.06
Balance December 31, 2013	$		2,275.24		949,684.01

Analysis of December 31, 2013 Balance

Trust - Escrow	$	545,463.38
Unemployment Trust		15,019.92
Recreation Commission		129,612.19
Police Forfeiture		11,854.92
Uniform Construction Code		59,943.56
TTL Redemption/Premium Account		187,790.04
	$	949,684.01

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL
FUND EXPENDITURES

Balance December 31, 2012	$		2,295.00
Increased by:			
Dog License Fees Collected		1,395.00	
			1,395.00
			3,690.00
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		1,416.00	
			1,416.00
Balance December 31, 2013	$		2,274.00

License Fees Collected

Year	Amount
2012	1,029.00
2011	1,245.00
	2,274.00

See Accompanying Auditor's Report

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

Balance December 31, 2012	$		1.20
Increased By:			
Collected in 2013			
State License Fees		93.00	
Pilot Clinic Fund Fees		18.60	
Animal Population Control Fees		51.00	
			162.60
			163.80
Decreased By:			
Payments		163.80	
To Reserve		-	
			163.80
Balance December 31, 2013	$		-

See Accompanying Auditor's Report

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance	Increased by		Decreased by		Balance
Reserve	Dec. 31, 2012	Receipts	Other	Disbursements	Payments made by Current Fund	Dec. 31, 2013
Accumulated Absences	$ 149,056.43	4,541.58		4,922.60		148,675.41
Borough Beautification	7,055.50	34,016.30		12,963.98		28,107.82
Fire Penalties - Non-Dedicated	58,741.83	4,180.00				62,921.83
Fire Prevention	37,612.81	1,510.00				39,122.81
Police Forfeited Funds	11,807.61	47.31				11,854.92
Third Party Construction Inspections	58,914.20	86,448.00		91,604.40		53,757.80
Parking Offense Adjudication Act	7,477.67	1,416.00		2,009.91		6,883.76
Planning and Zoning Escrow	106,466.65	7,164.52		3,001.20		110,629.97
Recreation Commission	114,819.96	200,327.38		185,331.89		129,815.45
Snow Removal Trust	8,666.88					8,666.88
Streets Openings - Performance Surety	25,550.00					25,550.00
Streets Openings - Maintenance Surety	14,205.00					14,205.00
Street Paving	37,102.42	79,797.38		71,568.61		45,331.19
Premiums Received at Tax Sale	64,500.00	192,100.00		72,600.00		184,000.00
Third Party Lien Redemptions	10,282.38	198,328.68		205,216.34		3,394.72
Tourism Development Commission	53,729.90	66,647.04		64,958.17		55,418.77
Unemployment Compensation Insurance	10,666.47	32,000.00		27,033.36		15,633.11
	$ 776,655.71	908,524.19	-	741,210.46	-	943,969.44

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	Ref.			
Balance December 31, 2012			$	3,277,684.62
Increased by:				
Budget Appropriations:				
Capital Improvement Fund		350,000.00		
Deferred Charges - Unfunded		400.00		
Bond Anticipation Notes		904,000.00		
Premium Received at Note Sale		18,016.02		
Reserve for Payment of BAN's		61,000.00		
Due to Current Fund		1,070.41		
				1,334,486.43
				4,612,171.05
Decreased by:				
Improvement Authorizations		1,457,441.11		
Anticipated as a Revenue in 2013 Budget;				
Capital Fund Balance		32,502.00		
Due to Current Fund		1,221.56		
				1,491,164.67
Balance December 31, 2013			$	3,121,006.38

See Accompanying Auditor's Report

Exhibit C - 3

GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Balance Dec. 31, 2012	Receipts: Miscellaneous	Receipts: Debt Issued	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance Dec. 31, 2013
Fund Balance		$ 622,777.87	18,016.02			32,502.00	401,000.00	119,103.60	326,395.49
Capital Improvement Fund		271,528.09	350,000.00				288,000.00		333,528.09
Due to Current Fund		1,221.56	1,070.41			1,221.56			1,070.41
Reserve for Payment of BAN;s		-	61,000.00						61,000.00
Reserve for Encumbrances		360,549.34					360,549.34	67,553.09	67,553.09
Improvement Authorizations:									
953	Various Improvements								
	B. Improvements to Borough Hall	125.00					125.00		-
995	Various Improvements								
	B. Sanitary Sewer Mains	50,000.00							50,000.00
1034	Various Improvements								
	C. New Sanitary Sewer Mains	41,869.90							41,869.90
1042	Installation of Sewer/Storm Mains	100,000.00					100,000.00		-
1058	Reconstruction of Beach Patrol								-
	Headquarters	232.38					232.38		-
1061	Various Improvements								
	B. Rambler Road - Beachfront Park	(400.00)	400.00						-
	C. Sanitary Sewer Mains	228,434.00							228,434.00
1066	Storm Sewer Replacement	10,000.00							10,000.00
1071	Various Improvements								
	B. Construction of Storage Room	264.00					264.00		-
1077	Improvements to Storm Water								
	and Sanitary Sewerage Systems	405,608.02							405,608.02
1078	Various Improvements								
	A. Replace Storm Sewers	12,743.34					12,743.34		-
	B. Providing for Handicapped Access	31,572.71			31,572.71				-
	D. Purchase Real Property	3,644.75					3,644.75		-
1086	Acquisition of Public Works Equip.	16,321.67							16,321.67
1092	Various Improvements:								
	A. Purchase of Vehicular Equipment	23,382.00			2,734.99				20,647.01
	B. Improve Public Buildings	15,496.01							15,496.01
	C. Purchase Land	3,580.00							3,580.00
	D. Improvement to Various Streets	137,216.32							137,216.32
1095	Purchase of Equipment, Reconfiguration								
Amended	of Parking Area and Improve Public								
by 1102	Buildings	59,286.88			5,542.95				53,743.93
1110	Purchase Public Safety Equipment	46,638.46							46,638.46
1112	Various Improvements:								
	A. Purchase Trash Packer	25,918.27			1,736.64				24,181.63
	C. Improvements to Storm Sewer System - New Jersey and Bayview Drive	156,260.45			12,760.44				143,500.01
	D. Improvements to Storm Sewer System - Cresse Avenue	17,280.61			15,274.80			2,450.00	4,455.81
1121	Acquisition of EMS Building	2,094.13					2,094.13		-
1128	Improvements to Crest Pier Recreation Center	37,353.73			1,654.08		6,688.40		29,011.25
1130	Various Improvements:								-
	B. Purchase Backhoe	25,437.09			3,213.67			1,570.82	23,794.24
	C. Purchase Ambulance	17,416.89							17,416.89
	D. Replace Storm Sewer Pipes	125,000.00			63,060.18				61,939.82
	E. Replace Sanitary Sewer Pipes	148,338.65			521.10				147,817.55

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Balance	Receipts		Disbursements		Transfers		Balance
		Dec. 31, 2012	Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2013
1134	Acquisition of Pick-up Truck and Beach Utility Vehicle	$ 994.00							994.00
1140	Acquire Public Works Equip.	5,322.07			27,586.48			23,051.93	787.52
1143	Various Improvements:								
	A. Acquisition of Playground Equip.	8,298.90			396.01				7,902.89
	B. Improvements to DPW Building	149,323.44			20,030.70				129,292.74
	C. Improvements to Nesbitt Center	2,419.48							2,419.48
1145	Public Works Vehicular Equip, and Public Benches	16,172.90			79,519.92			63,858.88	511.86
1147	Various Improvements:								
	A. Acquisition of Real Property	215,025.76			213,153.41				1,872.35
	B. Police Communications Equip.	23,127.33			277,146.63		3,621.00	259,287.71	1,647.41
	C. Acquire Emergency Generator	97,557.98							97,557.98
1149	Improve Sanitary Sewerage System	(277,749.36)			367,639.29		57,243.69	10,330.00	(692,302.34)
1152	Construct Beachfront Park	40,000.00			37,796.99				2,203.01
1156	Improvements to Various Municipally-Owned Properties and Acquisition of Equipment				187,522.78			242,000.00	54,477.22
1158	Improvements to Storm Water System				51,000.00			51,000.00	-
1174	Improvements to Various Municipally-Owned Buildings			904,000.00	34,007.54			46,000.00	915,992.46
1179	Replacement and Widening of Beachfront Bike Path				23,569.80			350,000.00	326,430.20
		$ 3,277,684.62	430,486.43	904,000.00	1,457,441.11	33,723.56	1,236,206.03	1,236,206.03	3,121,006.38
		-							3,121,006.38 c-2
									-

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.			
Balance December 31, 2012			$	271,528.09
Increased by:				
Current Fund Budget Appropriation		350,000.00		
				350,000.00
				621,528.09
Decreased by:				
Appropriation to Finance Improvement Authorization		288,000.00		
				288,000.00
Balance December 31, 2013			$	333,528.09

See Accompanying Auditor's Report

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

	Ref.		
Balance December 31, 2012			$ 19,752,230.25
Increased by:			
None			
			-
			19,752,230.25
Decreased by:			
Serial Bonds Paid by Operating Budget		2,402,000.00	
NJEIT Loans Paid by Operating Budget		221,780.17	
USRDA Loans Paid by Operating Budget		18,945.17	
			2,642,725.34
Balance December 31, 2013			$ 17,109,504.91

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Paid by Budget Appropriation	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
1061	Various Improvements								
	B. Rambler Rd. Beachfront Park	$ 400.00		400.00		-			-
1092	Various Improvements:								
	A. Purchase of Vehicular Equipment	295,200.00			10,300.00	284,900.00	284,900.00		-
	B. Improve Public Buildings	1,580,600.00			54,900.00	1,525,700.00	1,525,700.00		-
	C. Purchase Land	190,400.00			6,600.00	183,800.00	183,800.00		-
	D. Improvement to Various Streets	380,800.00			13,200.00	367,600.00	367,600.00		-
1112	Various Improvements:								
	A. Purchase Trash Packer	214,200.00				214,200.00	214,200.00		-
	B. Improve Swimming Pool	142,800.00				142,800.00	142,800.00		-
	C. Improvements to Storm Sewer System - New Jersey and Bayview Drive	1,047,600.00				1,047,600.00	1,047,600.00		-
	D. Improvements to Storm Sewer System - Cresse Avenue	95,200.00				95,200.00	95,200.00		-
1128	Improvements to Crest Pier Recreation Center	1,428,500.00				1,428,500.00	1,428,500.00		-
1130	Various Improvements:								
	A. Purchase Real Property	185,700.00				185,700.00	185,700.00		-
	B. Purchase Backhoe	90,400.00				90,400.00	90,400.00		-
	C. Purchase Ambulance	166,600.00				166,600.00	166,600.00		-
	D. Replace Storm Sewer Pipes	119,000.00				119,000.00	119,000.00		-
	E. Replace Sanitary Sewer Pipes	857,100.00				857,100.00	857,100.00		-
1143	Various Improvements:								
	A. Acquire Playground Equip.	152,000.00				152,000.00	152,000.00		
	B. Improvements to DPW Building	142,500.00				142,500.00	142,500.00		-
	C. Improvements to Nesbitt Center	47,500.00				47,500.00	47,500.00		-
1147	Various Improvements:								
	A. Acquisition of Real Property	205,200.00				205,200.00	205,200.00		-
	B. Police Communications Equip.	285,000.00				285,000.00	285,000.00		-
	C. Acquire of Emergency Generator	93,100.00				93,100.00	93,100.00		-
1149	Improve Sanitary Sewerage System	13,000,000.00				13,000,000.00		692,302.34	12,307,697.66

See Accompanying Auditor's Report

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

							Analysis of Balance		
Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Paid by Budget Appropriation	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
									-
1174	Improvements to Various Municipally-Owned Buildings	$	904,000.00			904,000.00	904,000.00		-
		$ 20,719,800.00	904,000.00	400.00	85,000.00	21,538,400.00	8,538,400.00	692,302.34	12,307,697.66

Improvement Authorizations Unfunded		14,076,989.07
Less:		
Unexpended Proceeds of Bond Anticipation Notes Issued:		
Ord. Number		
1092	$ 176,939.34	
1112	172,137.45	
1128	29,011.25	
1130	250,968.50	
1143	139,615.11	
1147	96,619.76	
1174	904,000.00	
		1,769,291.41
		$12,307,697.66

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

				Balance December 31, 2012		Authorizations			Balance December 31, 2013	
Ord #	Improvement Description	Ord. Date	Amount	Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid/Charged or Canceled	Funded	Unfunded
953	Various Improvements	3/24/2004	$ 1,555,000							
	B. Improvements to Borough Hall									
				$ 125.00				125.00	-	
995	Various Improvements	2/8/2006								
	B. Sanitaru Sewer Mains		40,000	50,000.00					50,000.00	
1034	Various Improvements	3/21/2007								
	C. New Sanitary Sewer Mains		820,000	41,869.90					41,869.90	
1042	Installation of Sewer/Storm Mains	7/25/2007	2,900,000	100,000.00				100,000.00	-	
1058	Reconstruction of Beach Patrol	3/19/2008								
	Headquarters		30,000	232.38				232.38	-	
1061	Various Improvements	6/11/2008								
	C. Sanitary Sewer Mains		3,500,000	228,434.00					228,434.00	
1066	Storm Sewer Replacement	1/14/2009	240,000	10,000.00					10,000.00	
1071	Various Improvements	3/25/2009								
	B. Construction of Storage Room		50,000	264.00				264.00	-	
1077	Improvements to Storm Water	7/8/2009								
	and Sanitary Sewerage Systems		6,500,000	405,608.02					405,608.02	
1078	Various Improvements	7/8/2009								
	A. Replace Storm Sewers		175,000	12,743.34				12,743.34	-	
	B. Providing for Handicapped Access		325,000	31,572.71				31,572.71	-	
	D. Purchase Real Property		200,000	3,644.75				3,644.75	-	
1086	Acquisition of Public Works Equip.	12/28/2009	105,000	16,321.67					16,321.67	
1092	Various Improvements:	2/10/2010							-	
	A. Purchase of Vehicular Equipment		310,000		23,382.00			2,734.99		20,647.01
	B. Improve Public Buildings		1,660,000		15,496.01					15,496.01
	C. Purchase Land		200,000		3,580.00					3,580.00
	D. Improvement to Various Streets		400,000		137,216.32					137,216.32
1095	Purchase of Equipment, Reconfiguration									
Amended	of Parking Area and Improve Public									
by 1102	Buildings	3/24/2010	200,000	59,286.88				5,542.95	53,743.93	
1110	Purchase Public Safety Equipment	11/22/2010	100,000	46,638.46					46,638.46	

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

				Balance December 31, 2012		Authorizations			Balance December 31, 2013	
Ord #	Improvement Description	Ord. Date	Amount	Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid/Charged or Canceled	Funded	Unfunded
1112	Various Improvements:	11/22/2010								
	A. Purchase Trash Packer		$ 225,000	$	25,918.27			1,736.64		24,181.63
	C. Improvements to Storm Sewer System - New Jersey and Bayview Drive		1,100,000		156,260.45			12,760.44		143,500.01
	D. Improvements to Storm Sewer System - Cresse Avenue		100,000		17,280.61			12,824.80		4,455.81
1121	Acquisition of EMS Building	3/9/2011	80,000	2,094.13				2,094.13		-
1128	Improvements to Crest Pier Recreation Center	6/8/2011	1,500,000		37,353.73			8,342.48		29,011.25
1130	Various Improvements:	8/10/2011	1,490,000							
	B. Purchase Backhoe				25,437.09			1,642.85		23,794.24
	C. Purchase Ambulance				17,416.89					17,416.89
	D. Replace Storm Sewer Pipes			6,000.00	119,000.00			63,060.18		61,939.82
	E. Replace Sanitary Sewer Pipes				148,338.65			521.10		147,817.55
1134	Acquisition of Pick-up Truck and Beach Utility Vehicle	11/21/2011	29,000	994.00					994.00	
1140	Acquire Public Works Equip.	1/25/2012	119,000	5,322.07				4,534.55	787.52	
1143	Various Improvements:	3/7/2012	360,000							
	A. Acquisition of Playground Equip.				8,298.90			396.01		7,902.89
	B. Improvements to DPW Building			6,823.44	142,500.00			20,030.70		129,292.74
	C. Improvements to Nesbitt Center				2,419.48					2,419.48
1145	Public Works Vehicular Equip, and Public Benches	7/25/2012	125,000	16,172.90				15,661.04	511.86	
1147	Various Improvements:	8/29/2012	614,000	9,825.76	205,200.00			213,153.41		1,872.35
	A. Acquisition of Real Property				23,127.33			21,479.92		1,647.41
	B. Police Communications Equip.			4,457.98	93,100.00				4,457.98	93,100.00
	C. Acquire Emergency Generator									
1149	Improve Sanitary Sewerage System	11/26/2012	13,000,000		12,722,250.64			414,552.98		12,307,697.66
1152	Construct Beachfront Park	12/27/2012	40,000	40,000.00				37,796.99	2,203.01	-
1156	Improvements to Various Municipally-Owned Properties and Acquisition of Equipment	1/23/2013	242,000			242,000.00		187,522.78	54,477.22	
1158	Improvements to Storm Water System	2/6/2013	51,000			51,000.00		51,000.00		
1174	Improvements to Various Municipally-Owned Buildings	8/21/2013	950,000			46,000.00	904,000.00	34,007.54	11,992.46	904,000.00

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GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012 Funded	Balance December 31, 2012 Unfunded	Authorizations Other Funding	Authorizations Deferred Charges to Future Taxation	Paid/Charged or Canceled	Balance December 31, 2013 Funded	Balance December 31, 2013 Unfunded
1179	Replacement and Widening of Beachfront Bike Path	11/25/2013	$ 350,000	$		350,000.00		23,569.80	326,430.20	
				$ 1,098,431.39	13,923,576.37	689,000.00	904,000.00	1,283,548.46	1,254,470.23	14,076,989.07

General Capital Fund Balance	401,000.00
Capital Improvement Fund	288,000.00
	689,000.00

Cash Disbursed	1,457,441.11
Encumbrances Payable	67,553.09
Funded Improvement Authorizations Cancelled	119,103.60
Prior Year Encumbrances Cancelled	(360,549.34)
	1,283,548.46

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, 2013 Date	Maturities of Bonds Outstanding December 31, 2013 Amount	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
General Improvement Bonds of 2002	10/1/2002	$ 5,082,000				$ 332,000.00		332,000.00	-
General Improvement Bonds of 2007	9/1/2006	6,000,000	9/1/14	1,660,000.00	3.750%	2,930,000.00		1,270,000.00	1,660,000.00
General Improvement Bonds of 2009	11/5/2009	13,135,000	11/1/14	900,000.00	3.000%	11,035,000.00		800,000.00	10,235,000.00
			11/1/15	900,000.00	3.500%				
			11/1/16-18	1,000,000.00	4.000%				
			11/1/19-21	1,200,000.00	4.000%				
			11/1/22	1,300,000.00	4.000%				
			11/1/23	535,000.00	4.000%				
						$ 14,297,000.00	-	2,402,000.00	11,895,000.00

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Balance December 31, 2013 Date	Maturities of Bonds Outstanding Balance December 31, 2013 Amount	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
General Improvement									
Loan of 2007	6/23/2006	$ 1,500,000	6/23/2014	$ 9,784.52	4.375%	$ 1,394,967.04		18,945.17	1,376,021.87
			12/23/2014	9,998.56					
			6/23/2015	10,217.28					
			12/23/2015	10,440.78					
			6/23/2016	10,669.17					
			12/23/2016	10,902.56					
			6/23/2017	11,141.05					
			12/23/2017	11,384.76					
			6/23/2018	11,633.80					
			12/23/2018	11,888.29					
			6/23/2019	12,148.35					
			12/23/2019	12,414.10					
			6/23/2020	12,685.65					
			12/23/2020	12,963.15					
			6/23/2021	13,246.72					
			12/23/2021	13,536.49					
			6/23/2022	13,832.60					
			12/23/2022	14,135.19					
			6/23/2023	14,444.40					-
			12/23/2023	14,760.37					
			6/23/2024	15,083.25					
			12/23/2024	15,413.20					
			6/23/2025	15,750.36					
			12/23/2025	16,094.90					
			6/23/2026	16,446.98					
			12/23/2026	16,806.76					
			6/23/2027	17,174.41					
			12/23/2027	17,550.10					
			6/23/2028	17,934.00					
			12/23/2028	18,326.31					
			6/23/2029	18,727.20					
			12/23/2029	19,136.86					
			6/23/2030	19,555.47					
			12/23/2030	19,983.25					
			6/23/2031	20,420.38					
			12/23/2031	20,867.08					
			6/23/2032	21,323.55					
			12/23/2032	21,790.00					
			6/23/2033	22,266.66					
			12/23/2033	22,753.74					
			6/23/2034	23,251.48					
			12/23/2034	23,760.10					
			6/23/2035	24,279.86					
			12/23/2035	24,810.98					
			6/23/2036	25,353.72					
			12/23/2036	25,908.33					

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Balance December 31, 2013 Date	Amount	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
General Improvement			6/23/2037	$ 26,475.07					
Loan of 2007	6/23/2006	$ 1,500,000	12/23/2037	27,054.22	4.375%				
			6/23/2038	27,646.03					
			12/23/2038	28,250.78					
			6/23/2039	28,868.77					
			12/23/2039	29,500.27					
			6/23/2040	30,145.59					
			12/23/2040	30,805.03					-
			6/23/2041	31,478.89					
			12/23/2041	32,167.49					
			6/23/2042	32,871.15					
			12/23/2042	33,590.21					
			6/23/2043	34,325.00					
			12/23/2043	35,075.85					
			6/23/2044	35,843.14					
			12/23/2044	36,627.21					
			6/23/2045	37,428.43					
			12/23/2045	38,247.17					
			6/23/2046	36,624.85					
						$ 1,394,967.04	-	18,945.17	1,376,021.87

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GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Balance December 31, 2013 Date	Amount	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
NJ Environ. Infrastructure Trust Series 2010- Fund Loan	3/10/2010	$ 3,476,677	2/1/14	$ 58,926.72	0.000%	$ 3,005,263.21		176,780.17	2,828,483.04
			8/1/14	117,853.45					
			2/1/15	58,926.72					
			8/1/15	117,853.45					
			2/1/16	58,926.72					
			8/1/16	117,853.45					
			2/1/17	58,926.72					
			8/1/17	117,853.45					
			2/1/18	58,926.72					
			8/1/18	117,853.45					
			2/1/19	58,926.72					
			8/1/19	117,853.45					
			2/1/20	58,926.72					
			8/1/20	117,853.45					
			2/1/21	58,926.72					
			8/1/21	117,853.45					
			2/1/22	58,926.72					
			8/1/22	117,853.45					-
			2/1/23	58,926.72					
			8/1/23	117,853.45					
			2/1/24	58,926.72					
			8/1/24	117,853.45					
			2/1/25	58,926.72					
			8/1/25	117,853.45					
			2/1/26	58,926.72					
			8/1/26	117,853.45					
			2/1/27	58,926.72					
			8/1/27	117,853.45					
			2/1/28	58,926.72					
			8/1/28	117,853.45					
			2/1/29	58,926.72					
			8/1/29	117,853.77					
NJ Environ. Infrastructure Trust Series 2010A- Trust Loan	3/10/2010	$ 1,135,000	8/1/14-15	45,000.00	5.000%	1,055,000.00		45,000.00	1,010,000.00
			8/1/16-17	50,000.00	5.000%				
			8/1/18	55,000.00	5.000%				
			8/1/19	55,000.00	4.000%				
			8/1/20	60,000.00	5.000%				
			8/1/21	60,000.00	3.000%				
			8/1/22-23	65,000.00	4.000%				
			8/1/24-25	70,000.00	4.000%				
			8/1/26	75,000.00	3.500%				
			8/1/27-28	80,000.00	4.000%				
			8/1/29	85,000.00	4.000%				
						$ 4,060,263.21	-	221,780.17	3,838,483.04

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GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Improvements:	1092	10/21/2010	9/26/2013	9/26/2014	1.00%	$			
A. Purchase of Vehicular Equipment						295,200.00	284,900.00	295,200.00	284,900.00
B. Improve Public Buildings						1,580,600.00	1,525,700.00	1,580,600.00	1,525,700.00
C. Purchase Land						190,400.00	183,800.00	190,400.00	183,800.00
D. Improvement to Various Streets						380,800.00	367,600.00	380,800.00	367,600.00
Various Improvements:	1112	10/20/2011	9/26/2013	9/26/2014	1.00%				
A. Purchase Trash Packer						214,200.00	214,200.00	214,200.00	214,200.00
B. Improve Swimming Pool						142,800.00	142,800.00	142,800.00	142,800.00
C. Improvements to Storm Sewer System - New Jersey and Bayview Drive						1,047,600.00	1,047,600.00	1,047,600.00	1,047,600.00
D. Improvements to Storm Sewer System - Cresse Avenue						95,200.00	95,200.00	95,200.00	95,200.00
Improvements to Crest Pier Recreation Facility	1128	10/20/2011	9/26/2013	9/26/2014	1.00%	1,428,500.00	1,428,500.00	1,428,500.00	1,428,500.00
Various Improvements:	1130	10/16/2012	9/26/2013	9/26/2014	1.00%				
A. Purchase Real Property						185,700.00	185,700.00	185,700.00	185,700.00
B. Purchase Backhoe						90,400.00	90,400.00	90,400.00	90,400.00
C. Purchase Ambulance						166,600.00	166,600.00	166,600.00	166,600.00
D. Replace Storm Sewer Pipes						119,000.00	119,000.00	119,000.00	119,000.00
E. Replace Sanitary Sewer Pipes						857,100.00	857,100.00	857,100.00	857,100.00
Various Improvements:	1143	10/16/2012	9/26/2013	9/26/2014	1.00%				
A. Acquire Playground Equipment						152,000.00	152,000.00	152,000.00	152,000.00
B. Improvements to DPW Building						142,500.00	142,500.00	142,500.00	142,500.00
C. Improvements to Nesbitt Center						47,500.00	47,500.00	47,500.00	47,500.00
Various Improvements:	1147	10/16/2012	9/26/2013	9/26/2014	1.00%				
A. Acquisition of Real Property						205,200.00	205,200.00	205,200.00	205,200.00
B. Police Communications Equip.						285,000.00	285,000.00	285,000.00	285,000.00
C. Acquire Emergency Generator						93,100.00	93,100.00	93,100.00	93,100.00
Improvements to Municipally-Owned Building, Facilities and Property	1174	9/26/2013	9/26/2013	9/26/2014	1.00%		904,000.00		904,000.00
					$	7,719,400.00	8,538,400.00	7,719,400.00	8,538,400.00

	Increased	Decreased
Renewals	7,634,400.00	
Issued for Cash	904,000.00	-
Paid by Budget Appropriation		85,000.00
	8,538,400.00	85,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Bond Antic. Notes Issued	Budget Appropriation	Balance Dec. 31, 2013
1061	Various Improvements; B Handicapped Access Improvements	$ 400.00			400.00	-
1149	Improve Sanitary Sewer System	13,000,000.00				13,000,000.00
1174	Improvements to Municipally-Owned Building, Facilities and Property		904,000.00	904,000.00		-
		$ 13,000,400.00	904,000.00	904,000.00	400.00	13,000,000.00

See Accompanying Auditor's Report

BOROUGH OF WILDWOOD CREST

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $29,000, except by contract or agreement". Effective July 1, 2010, the bid threshold was increased to $36,000 for municipalities with a Qualified Purchasing Agent.

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed $36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated the following contracts were bid in 2013: Sand Harvesting, redistribution and transfer, West Side Drainage – Phase III, Street Excavations Trench Restoration, Demolition of Clubhouse Structure, Bike Path concrete Improvements, Fencing Improvements, Public Works Garage Renovations.

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of $36,000 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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 9, 2013, authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 et seq. permits the governing body to fix the rate of interest to be charged for the nonpayment of taxes, sewer or other municipal charges.

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Borough of Wildwood Crest, the rate of interest on unpaid taxes and sewer shall be eight (8) percent per annum on the first one thousand five hundred dollars ($1,500.00) of delinquency and eighteen (18) percent per annum on any amount in excess of one thousand five hundred dollars ($1,500.00) to be calculated from the date the tax, sewer or other municipal charges were payable until the date of actual payment. No interest shall be charged if payment is made on or before the tenth (10^{th}) calendar day following the date upon which the same is payable.

BE IT FURTHER RESOLVED, in addition to the interest provided above, all delinquencies in excess of ten thousand dollars ($10,000.00) which are not paid prior to the end of the year will be subject to a year-end penalty of six (6) percent.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 23, 2013 and was complete. There were no properties in bankruptcy as of December 31, 2013.

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

Year	Number of Liens
2013	-
2012	-
2011	-

Verification of Delinquent Taxes and Other Charges

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

Type	Number Mailed
Payment of 2013 and 2014 Taxes	5
Delinquent Taxes	5
Payment of Utility Charges	5
Delinquent Utility Charges	5

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.

	Currently		
Year	Tax Levy	Cash Collections	Percent of Collections
2013	$ 26,032,865	25,416,189	97.63%
2012	25,308,035	24,681,183	97.52%
2011	24,617,366	24,170,822	98.19%
2010	23,971,158	23,498,405	98.03%
2009	22,229,421	21,524,330	96.83%

Comparative Schedule of Tax Rate Information

	2013	2012	2011	2010	2009
Tax Rate	1.128	1.093	1.067	1.043	0.961
Apportionment of Tax Rate:					
Municipal	0.612	0.593	0.576	0.561	0.495
County	0.234	0.227	0.224	0.217	0.211
Local School	0.282	0.273	0.267	0.265	0.255
Assessed Valuation	2,303,746,856	2,311,598,638	2,315,657,912	2,289,895,406	2,309,544,327

Delinquent Taxes and Tax Title Liens

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

Year		Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2013	$	-	478,803	478,803	1.84%
2012		-	470,092	470,092	1.86%
2011		-	450,928	450,928	1.83%
2010		-	475,140	475,140	1.98%
2009		-	616,365	616,365	2.77%

Uniform Construction Code

The Borough of Wildwood Crest 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.

RECOMMENDATIONS

1. That internal controls be improved in the area of payment of claims to reconcile any past due amounts on vendor invoices to subsequent payments.

2. That an analysis of the activity in the payroll account be performed on a monthly basis and be maintained for audit.

3. That written authorizations be obtained for all applicable employee withholdings.

4. That the calculation of all employee salaries for payroll be reviewed for accuracy in order to prevent overpayments.

5. That the amount reported to the Division of Pensions for individual employee pensionable salaries be reviewed for consistency and compared to the payroll records.

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

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

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

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

June 27, 2014