

**GREATER WILDWOODS  
TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY**

**REPORT ON AUDIT OF  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2013 AND 2012**



**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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## **FINANCIAL SECTION**





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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Directors  
The Greater Wildwoods Tourism Improvement  
And Development Authority  
Wildwood, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Greater Wildwoods Tourism Improvement and Development Authority, State of New Jersey, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, 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 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 from 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.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Greater Wildwoods Tourism Improvement and Development Authority, State of New Jersey, as of December 31, 2013 and 2012, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Wildwoods Tourism Improvement and Development Authority's basic financial statements. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



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

In accordance with *government auditing Standards*, we have also issued our report dated March 24, 2014 on our consideration of the Greater Wildwoods Tourism Improvement and Development Authority'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 Authority'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**

**March 24, 2014**

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# **GREATER WILDWOODS TOURISM IMPROVEMENT AND DEVELOPMENT AUTHORITY**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis ("MD&A") of the GREATER WILDWOODS TOURISM IMPROVEMENT AND DEVELOPMENT AUTHORITY ("Authority") provides an introduction to the major activities affecting the operations of the Authority. The MD&A also provides an introduction and overview to the financial performance and statements of the Authority for the fiscal years ended December 31, 2013, 2012 and 2011. The information contained in the MD&A should be considered in conjunction with the Authority's basic financial statements beginning on page 18.

The Authority's basic financial statements comprise two components: 1) proprietary fund basic financial statements, and 2) notes to those basic financial statements which are essential to a full understanding of the data contained in the basic financial statements. The supplementary information following the basic financial statements and notes thereto contains detailed and separate information pertaining to the Authority's operations.

Regarding supplementary information, of particular note the Authority reports a *Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget* (Schedule 1). That schedule compares the "actual" revenue and expenses to "budget" revenue and expenses, including operating revenues and expenses, and non-operating revenues and expenses where applicable.

The "Budget versus Actual" statement for the Authority's program is a very important tool for staff, as it measures the Authority's financial and operational performance, particularly as it compares to the Annual Budget as adopted by the Authority's Board and approved by the state of New Jersey, Department of Community Affairs.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the Greater Wildwoods Tourism Improvement and Development Authority, those prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to enterprise or proprietary funds of state and local governments. These are the Authority's basic financial statements discussed above.

### **Program**

The Authority and tourism district was created by the three local municipalities of the Wildwoods, North Wildwood, Wildwood, and Wildwood Crest on July 1, 1993 pursuant to N.J.S.A. 40:54D 1-44. The act allowed the district to impose a 2% tourism tax on the rental of hotel/motel rooms, prepared food and beverage and certain admissions related to amusements and entertainment. The tax is collected by the State of New Jersey and remitted to the Authority in the form of a check. Those businesses that did not fall under the 2% Tourism Tax were responsible for the payment of a Tourism Development Fee (TDF) as their contribution to the Authority's funding. The TDF was billed to each business along with the mercantile license bill sent out by each municipality.

The Authority's first meeting was held in July of 1994 with the purpose of "providing appropriate public facilities, fixtures and improvements necessary to promote, sustain and expand tourism, to finance the acquisition and/or construction, operation maintenance and support of a convention center facility and to promote, sponsor events and advertise the Greater Wildwoods as a tourist destination and to express opinions and recommendations, when appropriate, to enhance the local tourism climate."

In 1998, Governor Christine Todd Whitman, through state legislation, mandated the New Jersey Sports and Exposition Authority (NJSEA) to oversee the construction of a new convention center in Wildwood, NJ. This \$70 M project was funded by the State of New Jersey. However, the operations, maintenance, sales and marketing efforts of the facility were the responsibility of the NJSEA and their local agent, the Authority. Because of this requirement, 90% of the 2% tourism tax was redirected, by state legislation, to the NJSEA to help offset the costs of operating the new facility.

In May of 2002 acting as the agent for the NJSEA, the Authority opened the new \$70 million convention center in the Wildwoods. The Authority continues to act as the agent for the NJSEA in operating the Wildwoods Convention Center and oversees all day to day operations of the facility.

The Authority, following the completion of an asset assumption agreement with the NJSEA in 1998 that left it with no funds, realized that its funding for advertising and promotions for the Wildwoods as a vacation destination, as well as its funding for events and event support had been critically impacted by the legislation mandated by Governor Whitman. The Authority then began work with the business organizations in the Wildwoods on a solution that was to become known as Phase II funding.

A funding strategy was developed and endorsed which would do the following:

1. Implement a new 1.85% tourism assessment on the rental of hotel/motel rooms;
2. Remove the existing cap on tourism development fees.
3. Allow for the food and beverage industry to pay a TDF along with all of the other businesses in the three communities.

The objective of this plan was to ensure that all businesses and rental properties that benefit from increased tourism and events contribute equitably to the Phase II funding initiative.

Phase II tourism funding was approved by the New Jersey Legislature on August 14, 2002 and subsequently by the three municipalities of the Wildwoods. In April 2003 the first part of the phase two funding began with the addition of a 1.85% tourism assessment on hotel/motel room rentals. Following up on this in 2004 the Authority took over the collection of tourism development fees (TDF's) from the cities of Wildwood and North Wildwood, Wildwood Crest chose to continue collecting the TDF's itself. During 2004 and 2005 the Authority collected roughly 60% of the amounts billed out to Wildwood and North Wildwood. The low collection rate resulted from the Authority's lack of ability to legally enforce collections of the TDF's. As a result the Authority and the three municipalities in early 2006 agreed that the municipalities would take back the responsibility for the collections. As part of the agreement to help offset the administrative costs to the municipalities the Authority agreed to a structure under which each municipality would receive collection fees based on the gross amount of TDF's collected by all three municipalities.

The legislation provided that one half of the 1.85% tourism assessment collected in 2003 be returned equally to the three municipalities to offset beach maintenance appropriations. However, in 2004, in order for the three municipalities to continue to receive 50% of the tourism assessment collected, the municipalities needed to address their local tourism development fee structure and raise fees to equal the amount they collected in 2003 from the 1.85% tourism assessment. Going forward the municipalities can receive a maximum of one half of the 1.85% tourism assessment collections provided the gross amount collected from TDF's exceeds half of that number after the fulfillment of the Authorities obligation under the Omnibus agreement to the City of Wildwood.

With the implementation of the new 1.85% tourism assessment, it was agreed that the hotel/motel industry could not, and should not bear the burden of this new funding alone. Therefore, it was necessary to equitably distribute the responsibility of this new funding throughout the entire business community.

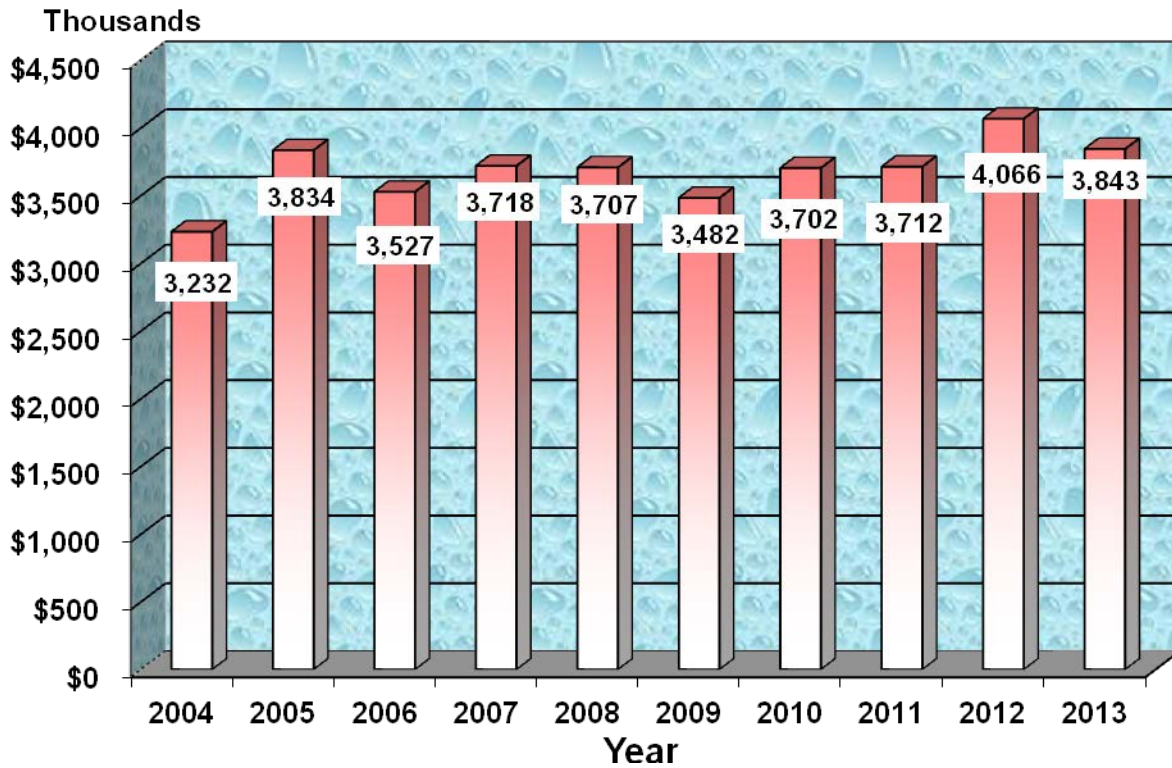
In August 2011 the City of Wildwood's financial resources to cover maintenance of the bathrooms on the Boardwalk and sufficient police presence at the growing number of special events held on the island and promoted by the Authority could no longer be sustained. As a result the Authority developed a plan to insure the Wildwoods remained a safe, clean and friendly tourist destination. The Authority again brought the 3 Municipalities together and developed a Memorandum of Understanding dated March 23, 2012 that allowed the Municipalities to increase the amount collected in TDF's. With the increase through its event support budget the Authority could allocate those additional TDF funds generated back to each Municipality and the Boardwalk Special Improvement District subject to certain collection criteria. In 2012 the 3 Municipalities implemented the new fee structure; however, North Wildwood had already sent out their 2012 bills and received most of their collections. Despite this fact the Authority realized a 40% increase in collections allowing the Authority to return approximately \$350,000 in funding for public health and safety. The MOU remained in place for 2013, with all 3 Municipalities collecting under the latest fee structure. We had an 8% increase in overall collections and returned approximately \$440,000 in funding for public health and safety.

In 2007 The Authority undertook a capital project to enhance the entranceway to the Wildwoods. The project cost totaled \$1,050,000 and was approved by the Local Finance Board in 2005. It was submitted and approved as part of the Authority's budget in 2007. The project was funded by a \$600,000 bond drawn on Crest Savings Bank, a grant totaling \$291,750 from the Casino Reinvestment Development Authority and \$158,250 from the Authority's operating cash reserves. The project consists of an entranceway, turnaround, ramp and Wildwoods sign located between Ocean Avenue and the Boardwalk at Rio Grande Avenue. The Authority decided against bidding advertising rights on the sign in 2008 as they did not want any commercial involvement in the entranceway. Also in 2008 additional capital investment totaling \$21,730 was made. \$16,480 of that money was for placement of two street lights that were needed as a matter of safety.

### **Tourism Revenue/Structure**

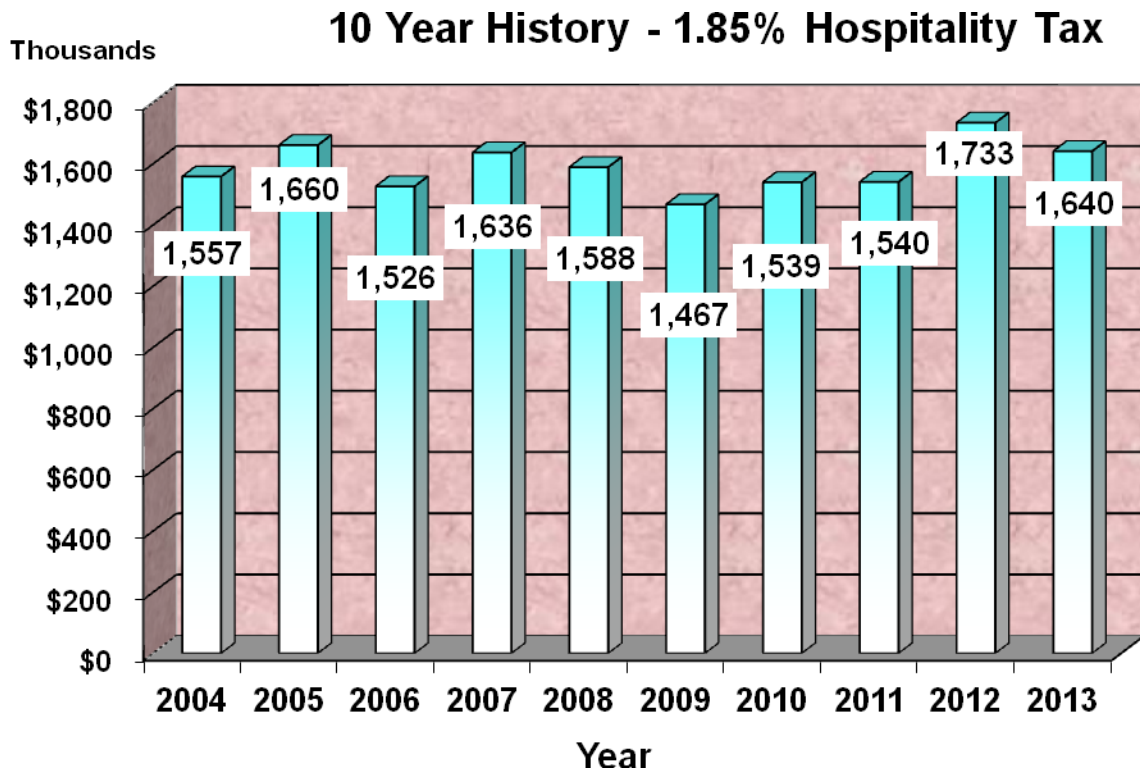
The 2% tourism tax is remitted by entities subject to the tax as outlined above along with their regular monthly sales tax to the State of New Jersey. The tax is due to the State by the 20<sup>th</sup> day of the month following the month for which the tax collection is for. The 2% portion of the tax is then split 90 -10 in accordance with the legislation passed and an omnibus agreement in place between the Authority, the NJSEA, and the three municipalities of the Wildwoods. 90% goes to the NJSEA to offset operating costs associated with the Wildwoods Convention Center. The remaining 10% is given to the Authority for the promotion of the tourism district. The 10% is received in the form of a check from the State with roughly a two month lag. The chart below shows a 10 year history of revenues generated from the tourism tax in its entirety.

## 10 Year History - 2% Tourism Tax

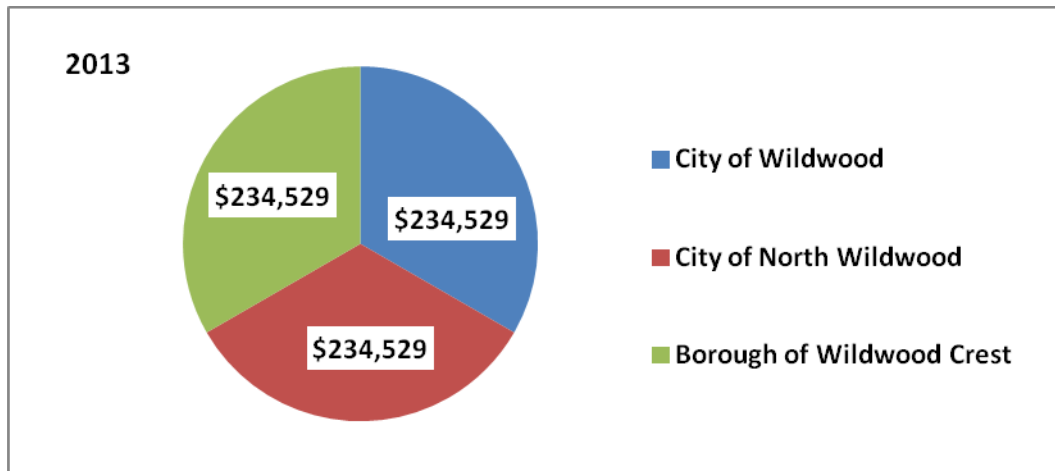


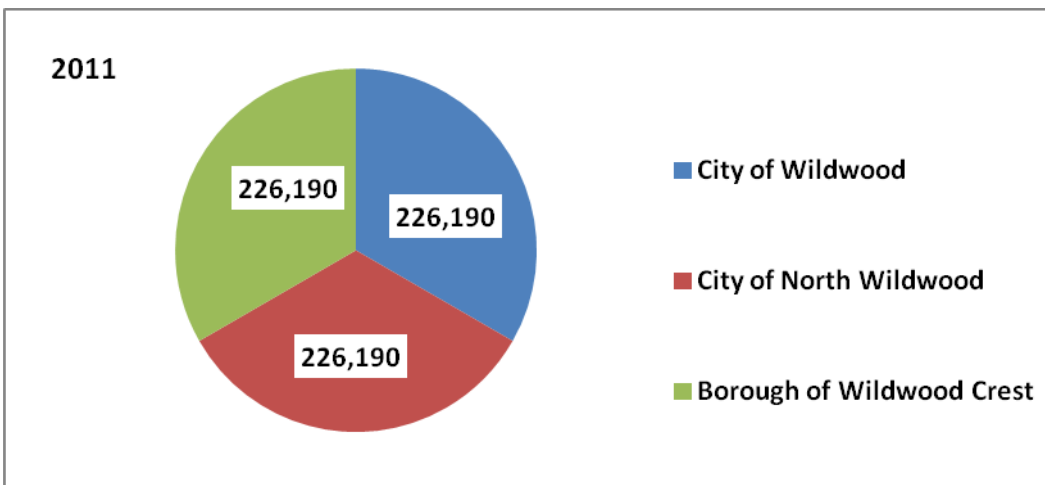
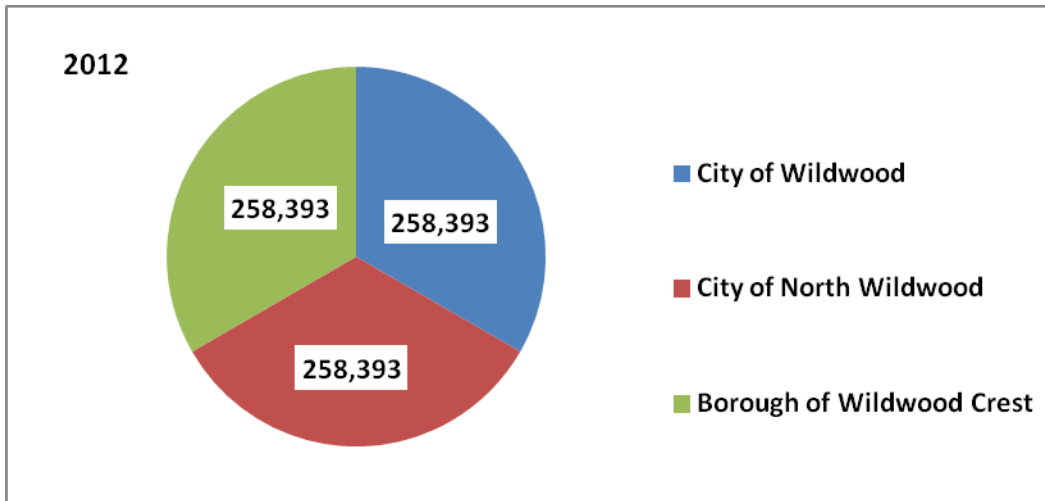
### Tourism Assessment Revenue/Structure

Tourism assessment means an assessment on the rent for every occupancy of a room or rooms in a hotel subject to taxation pursuant to subsection (d) of section 3 of the "Sales and Use Tax Act" P.L. 1966. Collection of the 1.85% tax began in April 2003, the collection process is the same as that of the tourism tax, however all the revenues generated by the 1.85% tax go to the Authority for the promotion of the district as a tourist destination. The Authority at year end then disperses by check the portion of the 1.85% assessment that the municipalities are entitled to in accordance with the terms of the phase II funding legislation. Using 2004 as a base year the TDF collections amounted to 78% of the 1.85% tax. For the years 2005 through 2008 the municipalities would have been entitled to receive 78% of the 50% available funds for disbursement. With the changes in 2006 to the collection of TDF's the municipalities are again entitled to a maximum of 50% of the 1.85% collections after payment of the Authority's obligation to the City of Wildwood as outlined in the omnibus agreement signed by GWTIDA, NJSEA and the three municipalities of the Wildwoods in 1998. They are not restricted by the base year calculation that was used in 2004 and 2005. The chart below shows a history of the 1.85% tax.



With the changes to the TDF structure in 2012 it is likely that the Municipalities will continue to receive full entitlement to their share of the 1.85% tax in the future as long as they comply with the legislation in place. Below is a chart showing the distribution of the eligible portion of the 1.85% tax for 2013, 2012 and 2011.





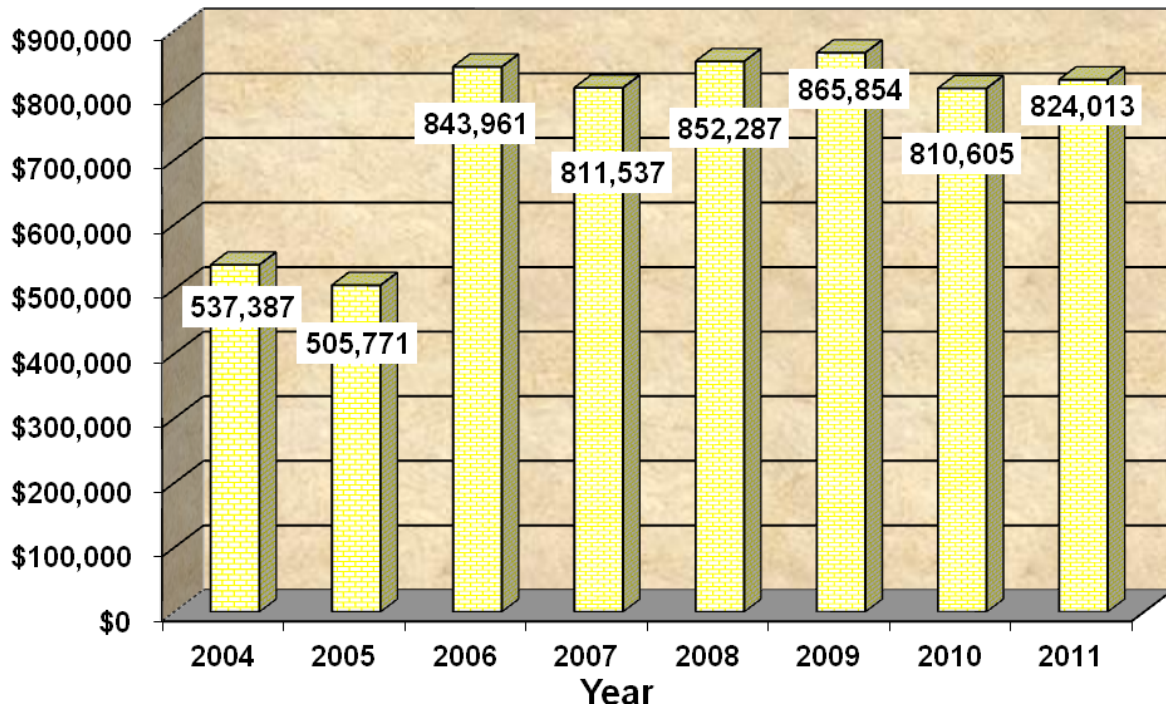
### **Tourism Development Fee Revenue/Structure**

Tourism Development Fees have been in place since the District was formed in 1993, however with the approval of phase II funding in 2002 changes took place aimed at making the assessments more fair and equitable. Up until 2003 these fees were collected by the Municipalities and given to the Authority in November of the year they were collected.

With the changes that took place and the significance of the impact of these changes on the Authority, the Authority hired a Tourism Development Fee Administrator in early 2004. The TDF Administrator was responsible for all billing and collection of TDF fees in Wildwood and North Wildwood. In 2006 the Municipalities again took over the billing and collection process. Our administrator works closely with the municipalities in helping them update their TDF databases and ensuring that those entities subject to the assessments are reporting their business activities accurately to the Municipalities when they obtain their mercantile licenses. Because monies generated from the collection of these fees is dedicated to be used solely for the funding of local events and event support the monies are kept in a separate fund and beginning in 2004 our financial statements reflected both a general fund and a TDF fund. A history of the collection of these fees between 2004 and 2011 is shown below.



### 8 Year History - Phase II Tourism Development Fees



In 2012 with the introduction of the Memorandum of Understanding between the Authority and the Municipalities that resulted in increased fees we saw collections rise to \$1.18 million. The table below shows the amount collected from TDF's in 2013, 2012 and 2011 along with the amount returned to each Municipality in event support outlined below.

#### 2013:

Municipality	Revenues Collected	Shared Revenues
Wildwood	\$464,105	\$263,876*
North Wildwood	\$482,832	\$113,876
Wildwood Crest	\$325,439	\$63,876
<b>Total Collections:</b>	<b>\$1,272,376</b>	<b>\$441,628</b>

\*Includes \$100,000 paid to the Boardwalk Special Improvement District

**2012:**

<b>Municipality</b>	<b>Revenues Collected</b>	<b>Shared Revenues</b>
Wildwood	\$482,203	\$233,454*
North Wildwood	\$367,228	\$83,454
Wildwood Crest	\$333,290	\$33,454
<b>Total Collections:</b>	<b>\$1,182,721</b>	<b>\$350,362</b>

\*Includes \$100,000 paid to the Boardwalk Special Improvement District

**2011:**

<b>Municipality</b>	<b>Revenues Collected</b>	<b>Shared Revenues</b>
Wildwood	\$291,829	\$0.00
North Wildwood	\$347,265	\$0.00
Wildwood Crest	\$184,919	\$0.00
<b>Total Collections:</b>	<b>\$824,013</b>	<b>\$0.00</b>

**Required Financial Statements**

The Basic Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies, consistent with New Jersey statutes. Specifically, the financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by GASB. Accordingly, the Authority recognizes revenues when earned, not received. Expenses are recognized when incurred, not when they are paid.

The *Statement of Net Assets*, the first required statement, and the *Statement of Revenues, Expenses and Changes in Net Assets*, the second required statement, report information about the Authority's financial condition. The Authority's net assets, i.e., the difference between assets and liabilities, are a measure of financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. Net assets increase both when revenues exceed expenses and when the Authority's assets increase without a corresponding increase to the Authority's liabilities. Beginning with 2008 the Authority has an asset subject to depreciation that would under normal circumstances have a negative impact on net assets. Depreciation decreases the Authority's net assets even though it is a non-cash expense.

The third and final required financial statement, the *Statement of Cash Flows*, provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities. It also provides information regarding sources of cash, uses of cash, and the changes in the cash balance during the reporting period.

## Financial Analysis

Table 1  
Condensed Statement of Net Position  
December 31 2013, 2012 and 2011

	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b><u>General Fund</u></b>	<b><u>TDF Fund</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>					
Current Assets:					
Cash and Equivalents	1,054,099	954,404	2,008,503	2,347,388	1,862,212
State of New Jersey Receivable	193,093	-	193,093	74,138	109,392
Municipal Flat Tax Receivable	-	340,331	340,331	14,369	532,184
Event Income Receivable	262	690	952	-	-
Prepaid Assets	20,000	-	20,000	25,000	7,500
Capital Assets	755,302	-	755,302	809,252	863,202
Total Assets	2,022,756	1,295,425	3,318,181	3,270,147	3,374,490
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	12,255	234,444	246,699	131,110	50,009
Contractual Obligations Payable	78,293	-	78,293	27,567	39,637
Restricted Liabilities	27,354	-	27,354	26,354	25,338
Long Term Debt Outstanding	429,904	-	429,904	455,571	480,146
Total Liabilities	547,806	234,444	782,250	640,602	595,130
<b>NET POSITION:</b>					
Investment In Capital Assets					
Net of Debt	299,731		299,731	329,102	359,583
Restricted		1,060,981	1,060,981	978,666	1,114,396
Unrestricted	1,175,219		1,175,219	1,321,777	1,305,381
Total Net Position	1,474,950	1,060,981	2,535,931	2,629,545	2,779,360
<b>Total Liabilities &amp; Net Position</b>	<b>2,022,756</b>	<b>1,295,425</b>	<b>3,318,181</b>	<b>3,270,147</b>	<b>3,374,490</b>

## Analysis of Net Position

The Authority's assets exceeded its liabilities at the end of December 31, 2013, by approximately \$2,535,931 compared to \$2,629,545 in 2012. Of this amount, approximately \$1,175,219 was unrestricted and available to be used to meet the Authority's ongoing obligations to its customers and creditors. The \$1,060,981 was restricted for the funding of local events and event support.

Table 2  
Condensed Statement of Revenues, Expenses, and Changes in Net Position  
December 31 2013, 2012 and 2011

	<b><u>2013</u></b> <b><u>General Fund</u></b>	<b><u>2013</u></b> <b><u>TDF Fund</u></b>	<b><u>2013</u></b> <b><u>Total</u></b>	<b><u>2012</u></b> <b><u>Total</u></b>	<b><u>2011</u></b> <b><u>Total</u></b>
Operating Revenues:					
2% Tourism Tax	384,307	-	384,307	406,613	371,208
1.85% Room Tax	1,640,362	-	1,640,362	1,733,359	1,540,137
Tourism Development Fees	-	1,272,376	1,272,376	1,182,721	824,013
Other Revenues	13,727	690	14,417	56,905	4,436
Total Operating Revenues	<u>2,038,396</u>	<u>1,273,066</u>	<u>3,311,462</u>	<u>3,379,598</u>	<u>2,739,794</u>
Operating Expenses:					
Personnel	-	105,665	105,665	107,442	111,225
Administrative	19,680	600	20,280	25,956	26,826
Advertising & Promotions	1,184,766	-	1,184,766	1,083,967	1,090,805
Event Support	-	995,304	995,304	1,165,846	617,182
Professional Fees	4,041	90,000	94,041	120,968	108,422
City of Wildwood	233,190	-	233,190	183,000	183,000
1.85% Tax Distribution	703,586	-	703,586	775,179	678,569
Depreciation Expense	53,950	-	53,950	53,950	53,950
Total Operating Expenses	<u>2,199,213</u>	<u>1,191,569</u>	<u>3,390,782</u>	<u>3,516,308</u>	<u>2,869,979</u>
Operating Income	<u>(160,817)</u>	<u>81,497</u>	<u>(79,320)</u>	<u>(136,710)</u>	<u>(130,185)</u>
Non Operating Revenue					
Interest Income	5,198	818	6,016	8,312	14,411
Interest Expense	(20,310)	-	(20,310)	(21,417)	(22,359)
Total Non Operating Revenue	<u>(15,112)</u>	<u>818</u>	<u>(14,294)</u>	<u>(13,105)</u>	<u>(7,948)</u>
Change In Net Position	<u>(175,929)</u>	<u>82,315</u>	<u>(93,614)</u>	<u>(149,815)</u>	<u>(138,133)</u>
Net Position - Beginning of Year	1,650,879	978,666	2,629,545	2,779,360	2,917,493
Net Position - End of Year	<u>1,474,950</u>	<u>1,060,981</u>	<u>2,535,931</u>	<u>2,629,545</u>	<u>2,779,360</u>

### Analysis of Changes in Net Assets

The Authority's financial position declined 3.9% as compared to 2012 overall total net position. Our investment interest continued on a downward trend due to the poor financial climate and as a result we saw negative income from non operating revenues again in 2013. In 2013 operating income was negative in the general fund on account of 1.) The change in the amount owed to the City of Wildwood for the parking lots due to the 10 year inflation adjustment and 2.) the decision to increase our Destination Advertising line item by \$100,000 in 2013 in light of the impact of Super Storm Sandy. The TDF Fund was positive as a result of the best collection yet from TDF fees. This was the first year all of the Municipalities used the new rates that were implemented beginning in 2012. Overall our net operating loss decreased by 47% over 2012. We believe that in order to maintain one of the Authority's main objectives which is

growing the number of visitors to the Wildwoods that these variances despite being negative are justified. The Authority will continue to look at events that can help promote the image of the Wildwoods while attracting visitors and appealing to different demographics.

## **Operating and Non Operating Revenues**

### *General Fund*

The Authority's revenue streams dropped slightly from 2012. The 2% tax was down 5% compared to 2012 or \$22,307. The 1.85% tax was also down 5% or \$92,997 under our 2012 totals. It should be noted however that apart from 2012 our 2013 tax collections were the best on record. Interest income was down another 28% on account of the tight financial markets where interest rates on deposits are negligible. The Authority continued its cash management policy of investing surplus cash in CD's but again the rates were significantly lower than rates obtained during 2012. In 3 years interest income has dropped from \$25,288 to \$6,016. Other Revenues were almost identical to 2012 with a total of \$13,728 being collected versus \$14,104 in 2012. These revenues are primarily made up from the sale of our mailing lists to local hotels. 2013 also included the second payment of five from a revised agreement with Sun Bank for its sponsorship of the Marquee, which calls for a payment of \$4,330 each year through 2017. This amount is included as part of Other Revenues.

### *TDF Fund*

The Authority's revenue streams from the TDF increased by 8% or \$89,655. The increase was a result of all three Municipalities collecting a full year of fees under the new rate structure agreed by the Authority and the Municipalities outlined in a Memorandum of Understanding. The net effect of this increase was that each Municipality received an additional \$30,422 in 2013 as compared to 2012. Revenues from Wildwood were down 3% Wildwood Crest saw a drop of 2% while in North Wildwood revenues rose 31% as compared to 2012 due to the fact that they had a full year of billing under the new rate structure agreed upon in 2012.

## **Authority-Wide Expenses**

Operating expenses decreased in 2013 primarily because in 2012 the Authority funded a Memorial Day Weekend Special event the Celebration of Heroes. While the event was a public relations success for the Wildwoods it was not financially viable for us to continue. The other factor contributing to the decrease was the fact that our required disbursements for the 1.85% tax proceeds were down about \$70,000 on account of lower collections. In total, operating expenses decreased in 2013 to \$3,399,191 compared to \$3,516,309 in 2012 a difference of \$117,118 or 3%. A detailed analysis of operating expenses follows:

- Personnel expenses saw a decrease of 2% in 2013 on account of one employee being out for a month on disability.
- Administrative expenses were \$20,280 in 2013, a net decrease of \$5,676 or 22% under 2012. The biggest factor in this reduction was in 2013 our maintenance costs related to the Rio Grande Avenue Sign were minimal. Insurance costs remained relatively stable in 2013 as compared to 2012.
- Advertising and promotions expenses were \$1,184,766 in 2013 as compared to \$1,083,966 in 2012 an increase of \$100,800 or 9% higher than FY 2012. Our 2013 line item budget earmarked an additional \$100,000 in spending in 2013 to try to offset the negative image and effects of Super Storm Sandy.

- Event Support spending decreased from \$1,165,847 in 2012 to \$995,304 in 2013, a decrease of \$170,543 or 15%. In 2012 the Celebration of Heroes event held over the Memorial Day Weekend had expenses totaling \$229,763, money that was saved in 2013. The Municipalities on the other hand received a total of \$91,266 more than in 2012. The balance of the monies \$552,875 funded 44 events in 2013 almost identical to the number and amount funded in 2012.
- Professional Fees amounted to \$102,450 in 2013 as compared to \$120,968 in 2012 a decrease of \$18,518 or 15%. \$90,000 of this amount is for collection fees paid to the municipalities that remained the same as in 2012. Legal, audit and patent attorney fees were close to 2012 levels. There were no professional fees paid out to any other entities in 2013 as there were no ongoing projects that required the services of outside consultants like engineers or architects.
- There was a 27% increase in the amount paid to the City of Wildwood as required by the Omnibus agreement between the NJSEA the municipalities and the Authority. The Omnibus agreement states that the amount owed be adjusted for inflation every 10 years. The 11<sup>th</sup> year should have been 2012 however no adjustment was made then. As a result so as not to exceed our budget we agreed with the City of Wildwood that we would reflect the money owed for 2012, \$50,190 in our 2014 budget.
- In 2013 the 1.85% tax distribution amounts to \$703,586. This amount is \$71,593 less than in 2012. In 2013 the distribution is only limited by the permitted percentage of the 1.85% tax. Since the tourism development fee collections exceeded the allowable amount permitted for disbursement to the Municipalities there is no limitation imposed.

Table 3  
Condensed Statement of Cash Flows  
December 31, 2013, 2012 and 2011

	<b><u>2013</u></b> <b><u>General Fund</u></b>	<b><u>2013</u></b> <b><u>TDF Fund</u></b>	<b><u>2013</u></b> <b><u>Total</u></b>	<b><u>2012</u></b> <b><u>Total</u></b>	<b><u>2011</u></b> <b><u>Total</u></b>
Cash Flows from Operating Activities					
2% Tourism tax	366,803	-	366,803	417,728	365,145
1.85% Room Tax	1,538,911	-	1,538,911	1,757,498	1,534,905
Tourism Development Fees	-	946,414	946,414	1,700,536	295,314
Other Receipts	13,466	-	13,466	56,905	4,436
Payments to Vendors	(1,207,566)	(981,901)	(2,189,467)	(2,350,578)	(1,847,170)
Payments to Municipalities	(886,051)	(90,000)	(976,051)	(1,060,249)	(948,953)
Net Cash provided by Operating Activities	<u>(174,437)</u>	<u>(125,487)</u>	<u>(299,924)</u>	<u>521,840</u>	<u>(596,323)</u>
Cash Flows from (to) Capital Financing Activities					
Principal Paid On Capital Debt	(24,576)		(24,576)	(23,472)	(22,534)
Interest Paid on Capital Debt	(20,401)		(20,401)	(21,504)	(22,443)
Net Cash used by Capital Financing Activities	<u>(44,977)</u>	<u>-</u>	<u>(44,977)</u>	<u>(44,976)</u>	<u>(44,977)</u>
Cash Flows from Investing Activities					
Interest Income	<u>5,198</u>	<u>818</u>	<u>6,016</u>	<u>8,312</u>	<u>14,411</u>
Net Increase in Cash and Cash Equivalents	(214,216)	(124,669)	(338,885)	485,176	(626,889)
Cash & Cash Equivalents at January 1	1,268,314	1,079,074	2,347,388	1,862,212	2,489,101
Cash & Cash Equivalents at December 31	<u>1,054,098</u>	<u>954,405</u>	<u>2,008,503</u>	<u>2,347,388</u>	<u>1,862,212</u>

### Analysis of Cash Flows

The Authority made all of its contractual payments on time and in the required amounts.

Of the \$2.01 million in cash and cash equivalents at December 31, 2013, \$1.05 million is available for operations and current obligations. The remaining \$954 thousand has been reserved or restricted for the funding of local events and event support.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide the Greater Wildwoods Tourism Improvement and Development Authority board members, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact either the Authority's Executive Director or Finance Manager at the Greater Wildwoods Tourism Improvement and Development Authority 4501 Boardwalk, Wildwood NJ 08260, telephone 609-729-9000.



## **BASIC FINANCIAL STATEMENTS**



**GREATER WILDWOODS TOURISM IMPROVEMENT**  
**AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 2,008,503	\$ 2,347,388
Accounts Receivable:		
State of New Jersey Tourism Tax	36,507	19,003
State of New Jersey Room Tax	156,586	55,135
Flat Tax Assessments	340,331	14,369
Accounts Receivable - Other	952	-
Prepaid Expenses	20,000	25,000
	<u>2,562,879</u>	<u>2,460,895</u>
TOTAL CURRENT ASSETS		
	<u>2,562,879</u>	<u>2,460,895</u>
CAPITAL ASSETS:		
Property, Plant and Equipment	<u>755,302</u>	<u>809,252</u>
	<u>755,302</u>	<u>809,252</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT		
	<u>755,302</u>	<u>809,252</u>
TOTAL ASSETS	<u>\$ 3,318,181</u>	<u>\$ 3,270,147</u>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31**

	<u>2013</u>	<u>2012</u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	\$ 246,699	\$ 131,110
Contractual Obligations Payable	78,293	27,567
	<u>324,992</u>	<u>158,677</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS	<u>324,992</u>	<u>158,677</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accrued Interest Payable	1,683	1,774
Current Maturities of Long-term Debt	25,671	24,580
	<u>27,354</u>	<u>26,354</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>27,354</u>	<u>26,354</u>
LONG TERM OBLIGATIONS:		
Long Term Portion of Loan Payable	429,904	455,571
	<u>429,904</u>	<u>455,571</u>
TOTAL LIABILITIES	<u>782,250</u>	<u>640,602</u>
<b><u>NET POSITION</u></b>		
Net Invested in Capital Assets	299,731	329,102
Restricted for:		
Tourism Development	1,060,981	978,666
Unrestricted	1,175,219	1,321,777
	<u>2,535,931</u>	<u>2,629,545</u>
TOTAL NET POSITION	<u>2,535,931</u>	<u>2,629,545</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,318,181</u>	<u>\$ 3,270,147</u>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
DECEMBER 31**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES:		
2% Room Tax from State of New Jersey	\$ 384,307	\$ 406,613
1.85% Tourism Tax from State of New Jersey	1,640,362	1,733,359
Tourism Development Fees	1,272,376	1,182,721
Other Income	<u>14,417</u>	<u>56,905</u>
TOTAL OPERATING REVENUES	<u>3,311,462</u>	<u>3,379,598</u>
OPERATING EXPENSES:		
Personnel	105,665	107,442
Administrative	20,280	25,956
Advertising and Promotions	1,184,766	1,083,967
Event Support	995,304	1,165,846
Professional Fees	4,041	30,968
TDF Collection Fees	90,000	90,000
City of Wildwood - Parking Lot Lease	233,190	183,000
1.85% Tax Distribution	703,586	775,179
Depreciation	<u>53,950</u>	<u>53,950</u>
TOTAL OPERATING EXPENSES	<u>3,390,782</u>	<u>3,516,308</u>
LOSS FROM OPERATIONS	<u>(79,320)</u>	<u>(136,710)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Income	6,016	8,312
Interest Expense	<u>(20,310)</u>	<u>(21,417)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(14,294)</u>	<u>(13,105)</u>
Change in Net Position	(93,614)	(149,815)
NET POSITION - BEGINNING	<u>2,629,545</u>	<u>2,779,360</u>
NET POSITION - ENDING	\$ <u><u>2,535,931</u></u>	\$ <u><u>2,629,545</u></u>

The accompanying Notes to the Financial Statements  
are an integral part of this statement.

**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY  
STATEMENT OF CASH FLOWS  
DECEMBER 31**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
2% Tourism Tax	\$ 366,803	\$ 417,728
1.85% Room tax	1,538,911	1,757,498
Tourism Development Fees	946,414	1,700,536
Other Receipts	13,466	56,905
Payments to Suppliers and Vendors	(2,189,467)	(2,350,578)
Payments to Municipalities	<u>(976,051)</u>	<u>(1,060,249)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(299,924)</u>	<u>521,840</u>
CASH ACTIVITIES FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Paid on Capital Debt	(24,576)	(23,472)
Interest Paid on Capital Debt	<u>(20,401)</u>	<u>(21,504)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(44,977)</u>	<u>(44,976)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	<u>6,016</u>	<u>8,312</u>
Net Cash Provided by Investing Activities	<u>6,016</u>	<u>8,312</u>
Net increase/(decreases) in cash and cash equivalents	(338,885)	485,176
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,347,388</u>	<u>1,862,212</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,008,503</u>	<u>\$ 2,347,388</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (Loss)	\$ (79,320)	\$ (136,710)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	<u>53,950</u>	<u>53,950</u>
	(25,370)	(82,760)
Changes in assets and liabilities:		
Receivables, net	(440,869)	535,569
Accounts and other payables	<u>166,315</u>	<u>69,031</u>
	<u>\$ (299,924)</u>	<u>\$ 521,840</u>

The Accompanying Notes to the Financial Statements  
are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**





**GREATER WILDWOODS TOURISM IMPROVEMENT AND  
DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. GENERAL**

The Greater Wildwoods Tourism Improvement and Development Authority, hereinafter called the "Authority," was created by ordinances adopted by the City of Wildwood, the City of North Wildwood, and the Borough of Wildwood Crest. The Authority was established July 1, 1993.

The objectives and purposes of the Authority shall be "to provide appropriate public facilities and improvements necessary to promote and sustain tourism, to finance the acquisition, maintenance, operation and support of convention center facilities and to promote and advertise the Greater Wildwoods as a tourist destination in order to enhance the local tourism climate."

Funds are provided through a 2% tourism tax and a 1.85% room tax collected by the State of New Jersey. An annual Tourism Development Fee is also collected. The annual Tourism Development Fee is collected by the three municipalities from local businesses not subject to the sales and tourism tax and paid over to the Authority. Fifty percent (50%) of the 1.85% room tax received by the Authority is payable to the three municipalities referred to above in the first paragraph.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies:

**A. Basis of Financial Statements**

The financial statements of the Authority have been prepared on a full accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

The Authority's financial statements include the accounts of all operations of the Authority. As set forth in Government Accounting Standards Board (GASB) 14, as amended by GASB 61, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The Authority issues separate financial statements from the municipalities of the Wildwoods and is not a component unit of any other entity.

The Authority has adopted GASB No. 1 through 66 and related interpretations issued through December 31, 2013. GASB statement 34 and subsequent Statements and Interpretations require certain terminology, format and content, as well as inclusion of management's discussion and analysis supplementary information. GASB statement 63 requires that new terminology be used. The term "Net Assets" is replaced with "Net Position".

**C. Budget/Budgetary Control**

An annual budget is prepared each year for the operations of the Greater Wildwoods Tourism Improvement and Development Authority. The budget is prepared using the accrual basis of accounting. Unexpended appropriations for annually budgeted funds lapse at year-end.

**GREATER WILDWOODS TOURISM IMPROVEMENT AND  
DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Revenues

Revenues are recognized in the accounting period in which they are earned and become measurable.

E. Expenses

Expenses are recognized on the accrual basis and are recognized in the period incurred, if measurable. The encumbrance method of accounting is not acceptable for financial reporting under GAAP and is not used.

F. Capital Assets

Property, plant and equipment are stated at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation will be determined on a straight-line basis for all plant and equipment. Depreciation will be provided over the following estimated useful lives of the assets

The cost and accumulated depreciation of all property, plant and equipment retired or otherwise disposed of are removed from the accounts and any resulting gain or loss is included in income.

G. Cash, Cash Equivalents and Investments

The Authority's investments practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 12 months from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

H. 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.

**GREATER WILDWOODS TOURISM IMPROVEMENT AND  
DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Recent Accounting Pronouncements Not Yet Effective (Continued)

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.

**3. LONG-TERM DEBT**

Rio Grande Project Resolution

The Greater Wildwoods Tourism, Improvement and Development Authority adopted a resolution on June 16, 2005, authorizing the funding in the amount of \$600,000 for the development of an entryway at Rio Grande Avenue. The funding for this project was approved by the Local Finance Board of the State of New Jersey on October 12, 2005.

Loan Dated March 21, 2007

\$600,000 Bank Loan, dated March 21, 2007, due in 240 monthly payments through April 1, 2027 bearing interest at 4.290%, payable on the first day of the month commencing on May 1, 2007. As security for the loan, in the event of a default, the Authority has pledged to the Bank, all rights, title and interest in and to cash generated by the Authority's 1.85% tourism tax on all goods and services sold in the City of Wildwood. The balance remaining as of December 31, 2013 is \$455,575. The loan is with Crest Savings Bank.

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR LOANS  
ISSUED AND OUTSTANDING**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 25,671	\$ 19,306	\$ 44,977
2015	26,810	18,167	44,977
2016	27,951	17,026	44,977
2017	29,240	15,737	44,977
2018	30,537	14,439	44,976
2019-2023	174,218	50,666	224,884
2024-2027	141,148	10,881	152,029
Total	\$ <u>455,575</u>	\$ <u>146,222</u>	\$ <u>601,797</u>

**GREATER WILDWOODS TOURISM IMPROVEMENT AND  
DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**3. LONG-TERM DEBT (CONTINUED)**

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

	<u>Outstanding 12/31/2012</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/2013</u>	<u>Amounts Due Within One Year</u>
Loans Payable	\$ 480,151	\$ -	\$ 24,576	\$ 455,575	\$ 25,671
	<u>\$ 480,151</u>	<u>\$ -</u>	<u>\$ 24,576</u>	<u>\$ 455,575</u>	<u>\$ 25,671</u>

**4. NEW JERSEY SPORTS AND EXPOSITION AUTHORITY**

On December 23, 1997, Governor Whitman signed legislation that named the New Jersey Sports and Exposition Authority (NJSEA) as the Authority to construct the convention center facility in the Wildwoods.

This legislation became effective on February 23, 1998. As of this effective date, The Greater Wildwoods Tourism Improvement and Development Authority was to turn over all of its assets to the Sports Authority. The Sports Authority would also assume all of GWTIDA's liabilities.

GWTIDA's staff personnel are employed by the New Jersey Sports and Exposition Authority and are paid by the New Jersey Sports and Exposition Authority. GWTIDA reimburses the NJSEA for three employees who work on GWTIDA activities. GWTIDA's mission is to advertise, promote and enhance tourism in the Wildwoods. NJSEA's mission is to own, operate, construct and maintain the convention facility.

**GREATER WILDWOODS TOURISM IMPROVEMENT AND  
DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in Progress	\$ _____	\$ _____	\$ _____	\$ _____ -
Total capital assets not being depreciated	_____ -	_____ -	_____ -	_____ -
Capital Assets Being Depreciated:				
Improvements	\$ 1,077,859	\$ _____	\$ _____	\$ 1,077,859
Total capital assets being depreciated	1,077,859	_____ -	_____ -	1,077,859
Less:				
Accumulated Depreciation	268,607	53,950	_____	322,557
Total Capital Assets being Depreciated				
Net of Accumulated Depreciation	809,252	(53,950)	-	755,302
Capital Assets - Net	\$ 809,252	\$ (53,950)	\$ -	\$ 755,302

**6. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Authority's bank balance of \$2,288,614 as of December 31, 2013, \$0 was uninsured and uncollateralized.

**Investments**

For the year ended December 31, 2013, the Authority had no investments.

**7. NET POSITION**

Of the \$2,535,931 Net Position at December 31, 2013, \$299,731 represents Investments in Capital Assets, \$1,060,981 is Restricted for Tourism Development and \$1,175,219 is Unrestricted.

**8. LITIGATION**

According to the Authority's Solicitor, there are no claims in existence against the Authority that would materially effect the Authority's financial position.

**GREATER WILDWOODS TOURISM IMPROVEMENT AND  
DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**9. RISK MANAGEMENT**

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

Property, and Liability Insurance – The Authority maintains commercial insurance for property, liability and surety bonds.

From time to time, the Authority may be a defendant in legal proceedings relating to its operations as an authority.

**10. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2013 through March 24, 2014, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Authority that would require disclosure.

## **GENERAL COMMENTS AND RECOMMENDATIONS**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Directors  
The Greater Wildwoods tourism Improvement  
And Development Authority  
Wildwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of The Greater Wildwoods Tourism Improvement and Development Authority, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 24, 2014.

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

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

*Glen J. Ortman*

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

**March 24, 2014**

**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unmodified Opinion**

Internal control over financial reporting:

1) Material Weakness identified? **NO**

2) Significant Deficiencies identified? **NO**

Non-Compliance material to Financial  
Statements noted? **NO**

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

**MANAGEMENT RESPONSES**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year findings.

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## **OTHER SUPPLEMENTARY INFORMATION**



**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY**  
**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012**

	Years Ended		
	December 31		December 31,
	2013		2012
	Revised Budget	Actual	Actual
REVENUES:			
2% Tourism Tax	\$ 400,000	\$ 384,307	\$ 406,614
1.85% Room Tax	1,725,000	1,640,362	1,733,359
Tourism Flat Tax	1,307,000	1,272,376	1,182,721
Interest on Investments	5,000	6,016	8,312
Miscellaneous	10,000	14,418	14,103
	<u>\$ 3,447,000</u>	<u>\$ 3,317,479</u>	<u>\$ 3,345,109</u>
EXPENSES:			
Salaries and Fringe	\$ 119,000	\$ 105,665	\$ 107,442
Operating Costs	2,404,000	2,290,350	2,365,769
Professional Fees	25,000	4,041	30,968
Contractual Obligations	954,000	936,776	958,179
	<u>3,502,000</u>	<u>3,336,832</u>	<u>3,462,358</u>
Total costs funded by operating revenues			
Interest Expense	<u>20,400</u>	<u>20,310</u>	<u>21,417</u>
Other Costs Funded By Operating Revenues:			
Principal Maturity	<u>24,600</u>	<u>24,576</u>	<u>23,472</u>
	<u>24,600</u>	<u>24,576</u>	<u>23,472</u>
Total costs funded by operating revenues	3,547,000	3,381,718	3,507,247
Add: Excess	<u>(100,000)</u>	<u>(64,239)</u>	<u>(162,138)</u>
	<u>\$ 3,447,000</u>	<u>\$ 3,317,479</u>	<u>\$ 3,345,109</u>

**GREATER WILDWOODS TOURISM IMPROVEMENT  
AND DEVELOPMENT AUTHORITY  
ROSTER OF OFFICIALS  
DECEMBER 31, 2013**

Tom Byrne	Wildwood	Board Chairperson
Robert Del Monte	North Wildwood	Board Vice Chairperson
Grace Hanlon	State Appointee	Board Member
Paul Reidenbach	Wildwood	Board Member
Joseph D. Montello	Wildwood	Board Member
Jim Barnabei	North Wildwood	Board Member
George Greenland	North Wildwood	Board Member
Jack Morey	Wildwood Crest	Board Member
Robert Patterson	Wildwood Crest	Board Member
Mary Nell Murphy	Wildwood Crest	Board Member
John Siciliano		Executive Director, Chief Financial Officer
Jeffrey April		Solicitor

All employees are covered by an "Employee Dishonesty Bond" to the limits of \$400,000 for the policy period. This policy is with Zurich American insurance Company. There is also a Directors and Officers Liability policy with Great American Insurance Company with a limit of \$2,000,000.