

GREATER WILDWOODS TOURISM
IMPROVEMENT
AND DEVELOPMENT AUTHORITY

REPORT ON AUDIT OF BASIC FINANCIAL
STATEMENTS

AND SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 2012 AND 2011

**GREATER WILDWOODS TOURISM IMPROVEMENT
AND DEVELOPMENT AUTHORITY
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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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, 2012 and 2011, 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 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, 2012 and 2011, 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.

The Other Supplementary Information has not been subjected 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 May 8, 2013 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

May 8, 2013

REQUIRED SUPPLEMENTARY INFORMATION

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, 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 17.

The Authority's basic financial statements comprise two components: 1) 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.

Pronouncement

The Authority has adopted GASB No. 1 through 65 and related interpretations issued through December 31, 2012. 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.

This is the ninth year of GASB No. 34's implementation; comparative data relating to prior year's information is presented and discussion throughout the MD&A will provide comparative analyses of key elements of the individual funds. A comparative analysis of Authority-wide data is presented.

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.

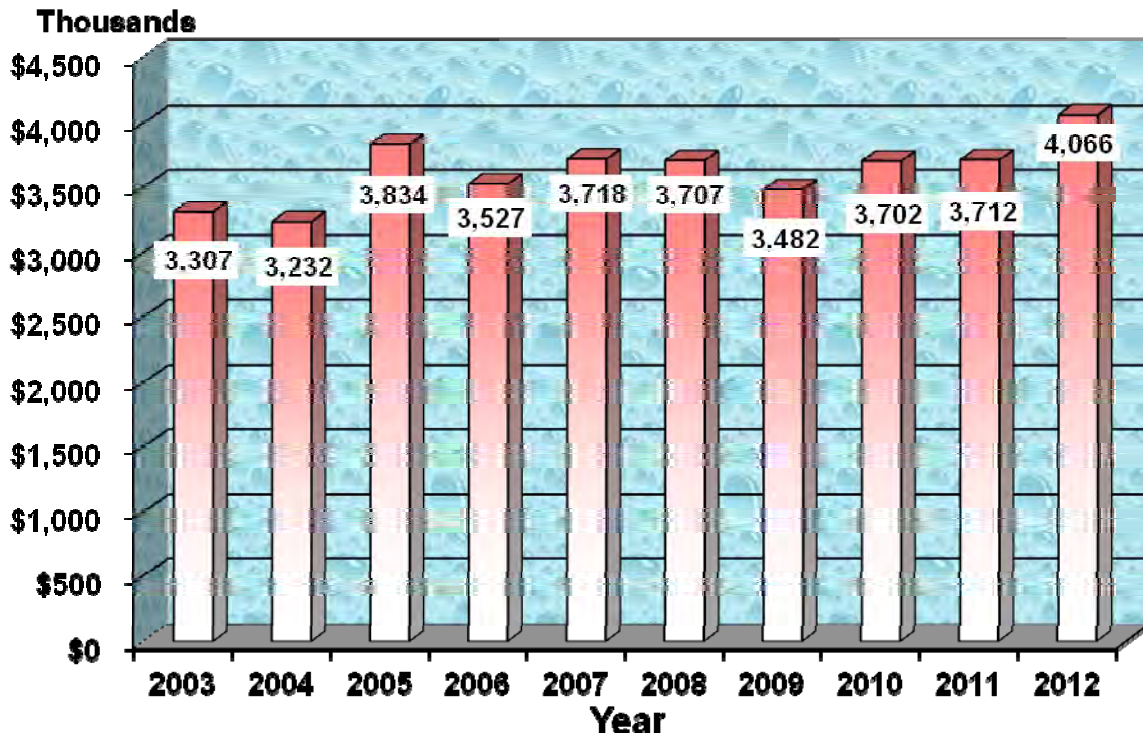
In August 2011 the City of Wildwood's financial resources to cover maintenance of the bathrooms on the Boardwalk and sufficient police presence at the growing number of special events held on the island and promoted by the Authority could no longer be sustained. As a result the Authority developed a 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.

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 20th 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.

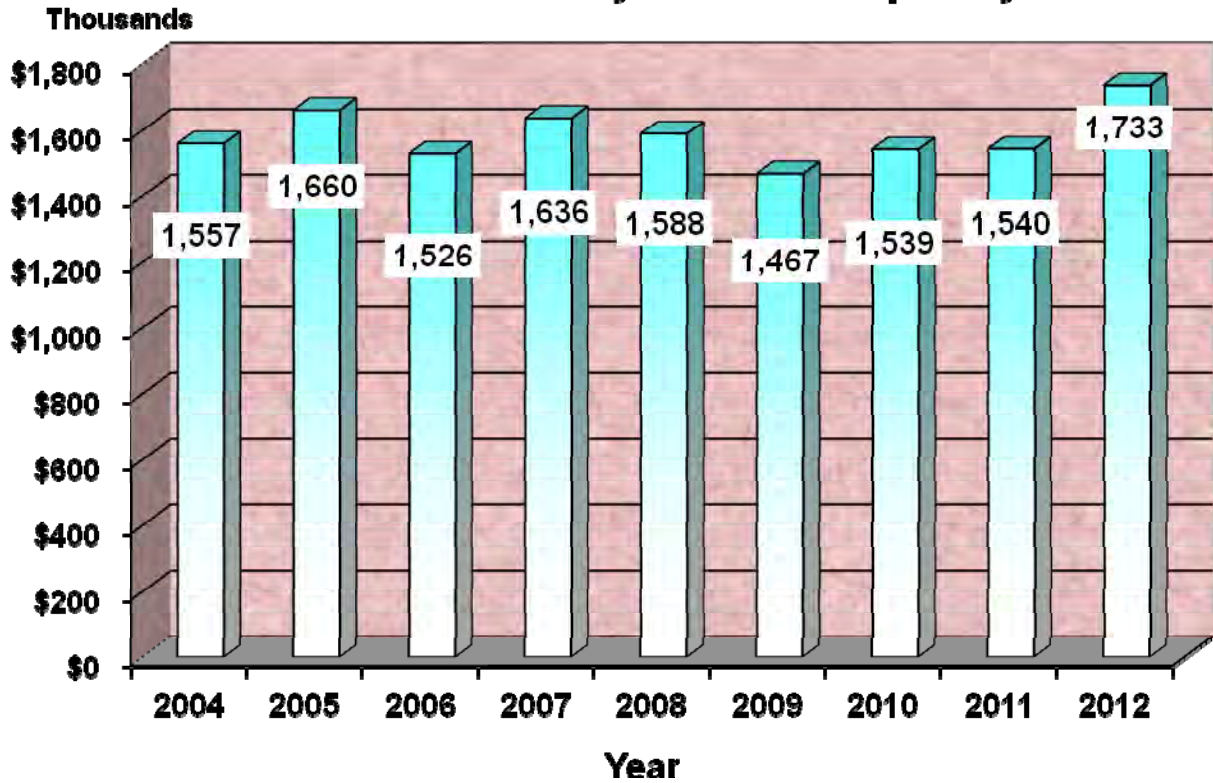
10 Year History - 2% Tourism Tax



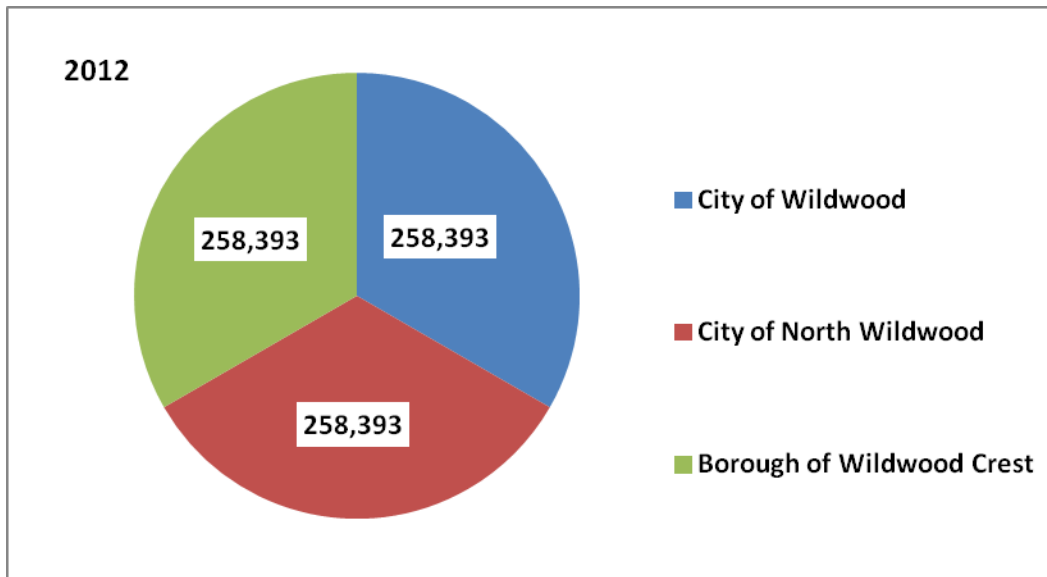
Tourism Assessment Revenue/Structure

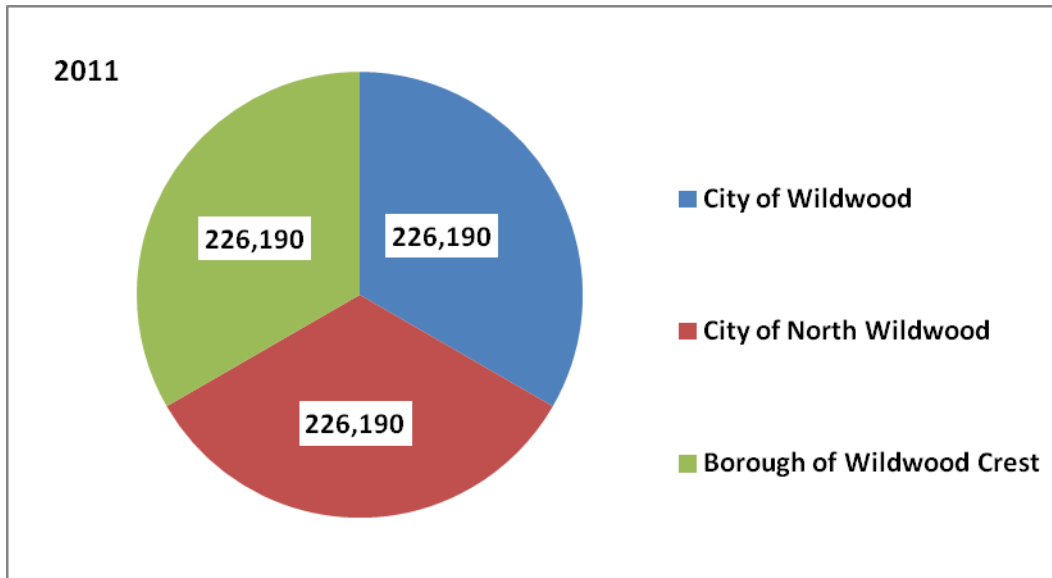
Tourism assessment means an assessment on the rent for every occupancy of a room or rooms in a hotel subject to taxation pursuant to subsection (d) of section 3 of the "Sales and Use Tax Act" P.L. 1966. Collection of the 1.85% tax began in April 2003, the collection process is the same as that of the 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.

9 Year History - 1.85% Hospitality 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 2011 and 2012.



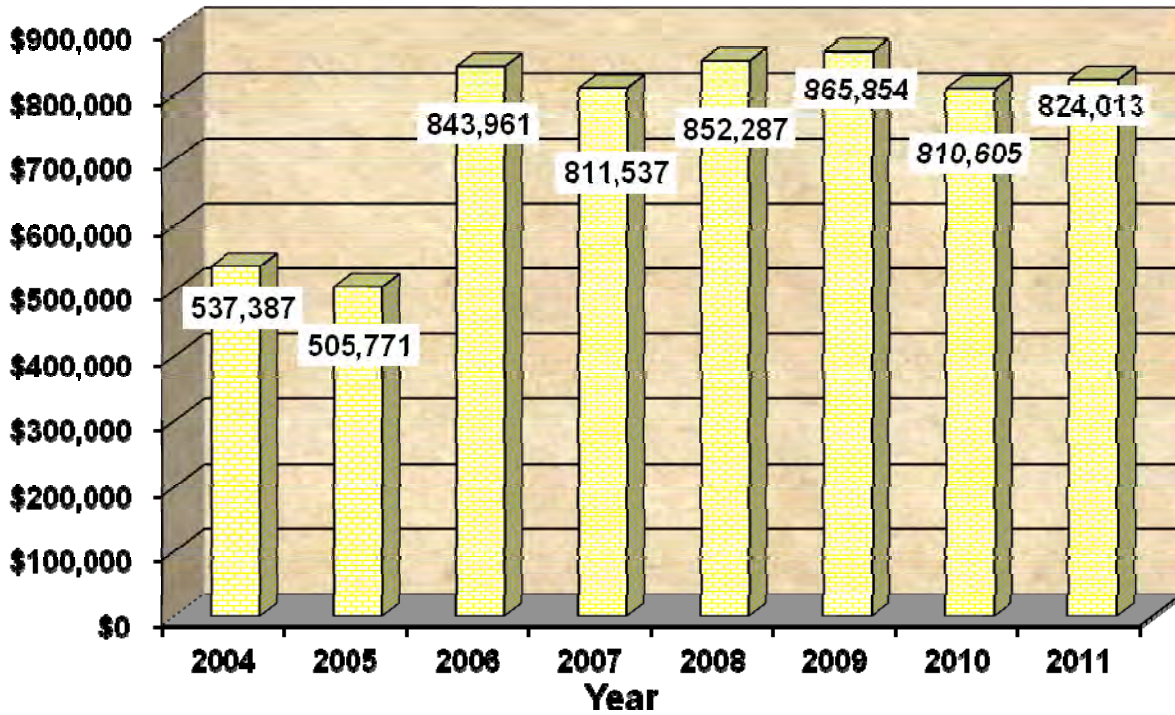


Tourism Development Fee Revenue/Structure

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 2012 and 2011 along with the amount returned to each Municipality in event support outlined below.

2012:

Municipality	Revenues Collected	Municipal Event Support
Wildwood	\$482,203	\$233,454*
North Wildwood	\$367,228	\$83,454
Wildwood Crest	\$333,290	\$33,454
Total Collections:	\$1,182,721	\$350,362

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

2011:

Municipality	Revenues Collected	Municipal Event Support
Wildwood	\$291,829	\$0.00
North Wildwood	\$347,265	\$0.00
Wildwood Crest	\$184,919	\$0.00
Total Collections:	\$824,013	\$0.00

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 Position*, the first required statement, and the *Statement of Revenues, Expenses and Changes in Net Position*, the second required statement, report information about the Authority's financial condition. The Authority's Net Position, 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 Position are one indicator of whether its financial health is improving or deteriorating. Net Position 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 Position. Depreciation decreases the Authority's Net Position 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 2012, 2011 and 2010

	2012	2012	2012	2011	2010
	General	TDF Fund	Total	Total	Total
ASSETS	Fund	Fund	Total	Total	Total
Current Assets:					
Cash and Equivalents	1,268,314	1,079,074	2,347,388	1,862,212	2,489,101
State of New Jersey Receivable	74,138	-	74,138	109,392	98,098
Municipal Flat Tax Receivable	-	14,369	14,369	531,184	3,485
Event Income Receivable	-	-	-	-	-
Prepaid Assets	25,000	-	25,000	7,500	15,000
Capital Assets	809,252	-	809,252	863,202	917,152
Total Assets	2,176,704	1,093,443	3,270,147	3,373,490	3,522,836
LIABILITIES					
Current Liabilities:					
Accounts Payable	16,333	114,777	131,110	50,009	40,219
Contractual Obligations Payable	27,567	-	27,567	39,637	37,022
Restricted Liabilities	26,354	-	26,354	25,338	24,482
Long Term Debt Outstanding	455,571	-	455,571	480,146	503,620
Total Liabilities	525,825	114,777	640,602	595,130	605,343
NET POSITION					
Investment In Capital Assets	329,101	-	329,101	359,583	390,995
Restricted	-	978,666	978,666	1,114,396	1,105,537
Unrestricted	1,321,778	-	1,321,778	1,305,381	1,420,961
Total Net Position	1,650,879	978,666	2,629,545	2,779,360	2,917,493
Total Liabilities & Net Position	2,176,704	1,093,443	3,270,147	3,374,490	3,522,836

Analysis of Net Position

The Authority's assets exceeded its liabilities at the end of December 31, 2012, by approximately \$2,629,545 compared to \$2,779,360 in 2011. Of this amount, approximately \$1,321,778 was unrestricted and available to be used to meet the Authority's ongoing obligations to its customers and creditors. The remaining \$978,666 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 2012, 2011 and 2010

	2012 General Fund	2012 TDF Fund	2012 Total	2011 Total	2010 Total
Operating Revenues:					
2% Tourism Tax	406,614	-	406,614	371,208	375,625
1.85% Room Tax	1,733,359	-	1,733,359	1,540,137	1,539,060
Tourism Development Fees	-	1,182,721	1,182,721	824,013	814,090
Other Revenues	14,104	42,801	56,905	4,436	19,532
Total Operating Revenues	2,154,076	1,225,523	3,379,598	2,739,794	2,748,307
Operating Expenses:					
Personnel	-	107,442	107,442	111,225	108,827
Administrative	25,871	85	25,956	26,826	22,507
Advertising & Promotions	1,083,966	-	1,083,966	1,090,805	1,084,591
Event Support	-	1,165,846	1,165,846	617,182	634,429
Professional Fees	30,968	90,000	120,968	108,422	103,550
City of Wildwood	183,000	-	183,000	183,000	183,000
1.85% Tax Distribution	775,179	-	775,179	678,569	678,030
Depreciation Expense	53,950	-	53,950	53,950	53,950
Total Operating Expenses	2,152,935	1,363,373	3,516,308	2,869,979	2,868,884
Operating Income	1,141	(137,851)	(136,710)	(130,185)	(120,577)
Non Operating Revenue					
Interest Income	6,192	2,120	8,312	14,411	25,288
Interest Expense	(21,417)	-	(21,417)	(22,359)	(23,320)
Total Non Operating Revenue	(15,226)	2,120	(13,106)	(7,948)	1,968
Change In Net Position	(14,085)	(135,731)	(149,816)	(138,133)	(118,609)
Net Position - Beginning	1,664,964	1,114,396	2,779,360	2,917,493	3,036,102
Net Position - Ending	1,650,879	978,666	2,629,545	2,779,360	2,917,493

Analysis of Changes in Net Position

The Authority's financial position declined 5.4% as compared to 2011 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 2012. In 2012 operating income was positive in the general fund on account of the best tax collections on record. The TDF Fund was negative on account of the Authority's efforts to co promote and bring a big event to the Wildwoods for Memorial Day Weekend which while it brought a lot of publicity to the island was not a success financially. Overall our net operating loss increased by 5% over 2011. 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 improved dramatically in 2012. The 2% tax was up 10% compared to 2011 or \$35,406. The 1.85% tax was up 13% or \$193,222 over our 2011 totals. 2012 represented the best year on record for collections of both the tourism and hospitality taxes. Interest income was down 42% 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 2011. It should be noted that the 42% decrease in 2012 is identical to the percentage decrease reflected in 2011 and 2010. In 3 years interest income has dropped from \$43,000 to \$8,300. Other revenues were better increasing from \$4,436 in 2011 to \$14,104 in 2012. These revenues are primarily made up from the sale of our mailing lists to local hotels. 2012 was also the first year of our 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 44% or \$358,708. The increases came about on account of increases in the TDF rate structure agreed by the Authority and the Municipalities outlined in a Memorandum of Understanding. Of the additional \$358,708 raised \$350,362 was returned to the Municipalities for event support as outlined in the Memorandum of Understanding. Revenues from Wildwood were up 64%, Wildwood Crest saw an increase of 80% while in North Wildwood revenues rose only 6% as compared to 2011 due to the fact bills were sent out and significant monies collected prior to their new rate ordinances being adopted.

Authority-Wide Expenses

Operating expenses increased in 2012 on account of the new rate structure in place for TDF's which led to greater outlays in event support. The big increase in our 1.85% collections also meant our obligation to the Municipalities with regard to beach maintenance payments was up significantly over 2011. In total operating expenses increased in 2012 to \$3,516,308 compared to \$2,869,976 in 2011 a difference of \$646,329 or 22.5%. A detailed analysis of operating expenses follows:

- Personnel expenses saw a decrease of 3% in 2012 despite a 12% increase in insurance premiums and a 3% increase in our pension obligations this is attributable to a change in benefits coverage for one of our employees. There was a cost of living increase in 2012 of approximately 2%.
- Administrative expenses were \$25,596 in 2012, a net decrease of \$1,230 or 5% under 2011. Insurance costs remained relatively stable in 2012 as did our maintenance costs related to the Rio Grande Avenue sign.
- Advertising and promotions expenses were \$1,083,966 in 2012 as compared to \$1,090,805 in 2011 down \$6,839 or 1% less than FY 2011. Our advertising plan followed up on our 2011 campaign where we used the same theme and did not deviate from our advertising mix.
- Event Support spending increased from \$617,181 in 2011 to \$1,165,846 in 2012, an increase of \$548,665 or 88.9%. \$350,362 of this increase went to the Municipalities and the Boardwalk SID. The Celebration of Heroes event held over the Memorial Day Weekend had expenses totaling \$229,763. The balance of the monies \$553,279 funded 44 events in 2012 as compared to 46 events in total for 2011.

- Professional Fees amounted to \$120,968 in 2012 as compared to \$108,422 in 2011 an increase of \$12,546 or 12%. \$90,000 of this amount is for collection fees paid to the municipalities that remained the same as in 2011. Legal, audit and patent attorney fees were close to 2011 levels. The Authority hired Stokes Architecture at a fee not to exceed \$15,000 to help with re-design of the entryway to the Wildwoods, a project the Authority is working on in conjunction with the County of Cape May.
- There was no increase in the amount of \$183,000 paid to the City of Wildwood as required by the Omnibus agreement between the NJSEA the municipalities and the Authority,
- In 2012 the 1.85% tax distribution amounts to \$775,179. This amount is \$96,610 more than in 2011. In 2012 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, 2012 and 2011

	2012	2012	2012	2011	2010
	General Fund	TDF Fund	Total	Total	Total
Cash Flows from Operating Activities					
2% Tourism tax	417,728	-	417,728	365,145	378,909
1.85% Room Tax	1,757,498	-	1,757,498	1,534,905	1,569,596
Tourism Development Fees	-	1,700,536	1,700,536	295,314	1,465,960
Other Receipts	14,104	42,801	56,905	4,436	20,057
Payments to Vendors	(1,144,805)	(1,205,773)	(2,350,578)	(1,847,170)	(1,839,368)
Payments to Municipalities	(970,249)	(90,000)	(1,060,249)	(948,953)	(966,297)
Net Cash provided by Operating Activities	<u>74,276</u>	<u>447,564</u>	<u>521,840</u>	<u>(596,323)</u>	<u>628,857</u>
Cash Flows from (to) Capital Financing Activities					
Principal Paid On Capital Debt	(23,472)		(23,472)	(22,534)	(21,577)
Interest Paid on Capital Debt	(21,504)		(21,504)	(22,443)	(23,400)
Net Cash used by Capital Financing Activities	<u>(44,976)</u>	<u>-</u>	<u>(44,976)</u>	<u>(44,977)</u>	<u>(44,977)</u>
Cash Flows from Investing Activities					
Interest Income	6,192	2,120	8,312	14,411	25,288
Net Increase in Cash and Cash Equivalents	35,492	449,684	485,176	(626,889)	609,168
Cash & Cash Equivalents at January 1	1,232,822	629,390	1,862,212	2,489,101	1,879,933
Cash & Cash Equivalents at December 31	<u><u>1,268,314</u></u>	<u><u>1,079,074</u></u>	<u><u>2,347,388</u></u>	<u><u>1,862,212</u></u>	<u><u>2,489,101</u></u>

Analysis of Cash Flows

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

Of the \$2.35 million in cash and cash equivalents at December 31, 2012, \$1.27 million is available for operations and current obligations. The remaining \$1.08 million 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, 2012 AND 2011**

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 2,347,388	\$ 1,862,212
Accounts Receivable:		
State of New Jersey Tourism Tax	19,003	30,118
State of New Jersey Room Tax	55,135	79,274
Flat Tax Assessments	14,369	532,184
Prepaid Expenses	25,000	7,500
TOTAL CURRENT ASSETS	<u>2,460,895</u>	<u>2,511,288</u>
CAPITAL ASSETS:		
Property, Plant and Equipment	<u>809,252</u>	<u>863,202</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>809,252</u>	<u>863,202</u>
TOTAL ASSETS	<u>\$ 3,270,147</u>	<u>\$ 3,374,490</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, 2012 AND 2011**

	December 31, 2012	December 31, 2011
<u>LIABILITIES</u>		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	\$ 131,110	\$ 50,009
Contractual Obligations Payable	27,567	39,637
	158,677	89,646
TOTAL CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS		
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accrued Interest Payable	1,774	1,861
Current Maturities of Long-term Debt	24,580	23,477
	26,354	25,338
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
LONG TERM OBLIGATIONS:		
Long Term Portion of Loan Payable	455,571	480,146
	640,602	595,130
TOTAL LIABILITIES		
<u>NET POSITION</u>		
Invested in Capital Assets	329,102	359,583
Restricted for:		
Tourism Development	978,666	1,114,396
Unrestricted	1,321,777	1,305,381
	2,629,545	2,779,360
TOTAL NET POSITION		
TOTAL LIABILITIES AND NET POSITION	\$ 3,270,147	\$ 3,374,490

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, 2012 AND 2011**

	Dec. 31, 2012	Dec. 31, 2011
OPERATING REVENUES:		
2% Room Tax from State of New Jersey	\$ 406,613	\$ 371,208
1.85% Tourism Tax from State of New Jersey	1,733,359	1,540,137
Tourism Development Fees	1,182,721	824,013
Other Income	56,905	4,436
	<u>3,379,598</u>	<u>2,739,794</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Personnel	107,442	111,225
Administrative	25,956	26,826
Advertising and Promotions	1,083,967	1,090,805
Event Support	1,165,846	617,182
Professional Fees	30,968	18,422
TDF Collection Fees	90,000	90,000
City of Wildwood - Parking Lot Lease	183,000	183,000
1.85% Tax Distribution	775,179	678,569
Depreciation	53,950	53,950
	<u>3,516,308</u>	<u>2,869,979</u>
TOTAL OPERATING EXPENSES		
INCOME/(LOSS) FROM OPERATIONS	<u>(136,710)</u>	<u>(130,185)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Income	8,312	14,411
Interest Expense	(21,417)	(22,359)
	<u>(13,105)</u>	<u>(7,948)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
Change in Net Position	(149,815)	(138,133)
NET POSITION - BEGINNING	<u>2,779,360</u>	<u>2,917,493</u>
NET POSITION - ENDING	<u>\$ 2,629,545</u>	<u>\$ 2,779,360</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
2% Tourism Tax	\$ 417,728	\$ 365,145
1.85% Room tax	1,757,498	1,534,905
Tourism Development Fees	1,700,536	295,314
Other Receipts	56,905	4,436
Payments to Suppliers and Vendors	(2,350,578)	(1,847,170)
Payments to Municipalities	(1,060,249)	(948,953)
	<u>521,840</u>	<u>(596,323)</u>
CASH ACTIVITIES FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Paid on Capital Debt	(23,472)	(22,534)
Interest Paid on Capital Debt	(21,504)	(22,443)
	<u>(44,976)</u>	<u>(44,977)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	8,312	14,411
	<u>8,312</u>	<u>14,411</u>
Net increase/(decreases) in cash and cash equivalents	485,176	(626,889)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,862,212</u>	<u>2,489,101</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,347,388</u>	<u>\$ 1,862,212</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (Loss)	\$ (120,989)	\$ (130,185)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	53,950	53,950
	(67,039)	(76,235)
Changes in assets and liabilities:		
Receivables, net	535,569	(532,493)
Accounts and other payables	53,310	12,405
	<u>\$ 521,840</u>	<u>\$ (596,323)</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, 2012 AND 2011**

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 65 and related interpretations issued through December 31, 2012. 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, 2012 AND 2011
(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

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Authority's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. This statement has been implemented by the Authority.

**GREATER WILDWOODS TOURISM IMPROVEMENT AND
DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(CONTINUED)**

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, 2012 is \$480,151. 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>
2013	\$ 24,580	\$ 20,396	\$ 44,976
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
2018-2022	166,815	58,068	224,883
2023-2027	179,084	17,918	197,002
Total	\$ <u>480,151</u>	\$ <u>166,618</u>	\$ <u>646,769</u>

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

	<u>Outstanding 12/31/2011</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/2012</u>	<u>Amounts Due Within One Year</u>
Loans Payable	\$ 503,623	\$ -	\$ 23,472	\$ 480,151	\$ 24,580
	<u>\$ 503,623</u>	<u>\$ -</u>	<u>\$ 23,472</u>	<u>\$ 480,151</u>	<u>\$ 24,580</u>

**GREATER WILDWOODS TOURISM IMPROVEMENT AND
DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(CONTINUED)**

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.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2012, 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	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Capital Assets Being Depreciated:				
Improvements	\$ 1,077,859	\$ _____	\$ _____	\$ 1,077,859
Total capital assets being depreciated	<u>1,077,859</u>	<u> -</u>	<u> -</u>	<u>1,077,859</u>
Less:				
Accumulated Depreciation	<u>214,657</u>	<u>53,950</u>	<u> -</u>	<u>268,607</u>
Total Capital Assets being Depreciated Net of Accumulated Depreciation	<u>863,202</u>	<u>(53,950)</u>	<u> -</u>	<u>809,252</u>
Capital Assets - Net	<u>\$ 863,202</u>	<u>\$ (53,950)</u>	<u>\$ -</u>	<u>\$ 809,252</u>

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 \$2,376,110 as of December 31, 2012, \$0 was uninsured and uncollateralized.

Investments

For the year ended December 31, 2012, the Authority had no investments.

**GREATER WILDWOODS TOURISM IMPROVEMENT AND
DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(CONTINUED)**

7. NET POSITION

Of the \$2,629,545 Net Position at December 31, 2012, \$329,102 represents Investments in Capital Assets, \$978,666 is Restricted for Tourism Development and \$1,321,777 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.

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, 2012 through May 8, 2013, 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.

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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011

	Years Ended		
	December 31 2012		December 31, 2011
	Revised Budget	Actual	Actual
REVENUES:			
2% Tourism Tax	\$ 428,500	\$ 406,614	\$ 371,208
1.85% Room Tax	1,892,000	1,733,359	1,540,137
Tourism Flat Tax	1,163,300	1,182,721	824,013
Interest on Investments	5,000	8,312	14,411
Miscellaneous	55,000	14,103	4,436
	<u>\$ 3,543,800</u>	<u>\$ 3,345,109</u>	<u>\$ 2,754,205</u>
EXPENSES:			
Salaries and Fringe	\$ 115,500	\$ 107,442	\$ 111,225
Operating Costs	2,379,900	2,365,769	1,824,811
Professional Fees	31,800	30,968	18,421
Contractual Obligations	1,037,500	958,179	861,569
	<u>3,564,700</u>	<u>3,462,358</u>	<u>2,816,026</u>
Total costs funded by operating revenues			
Interest Expense	21,500	21,417	22,359
Other Costs Funded By Operating Revenues:			
Principal Maturity	23,480	23,472	22,534
	<u>23,480</u>	<u>23,472</u>	<u>22,534</u>
Total costs funded by operating revenues	3,609,680	3,507,247	2,860,919
Add: Excess	(65,880)	(162,138)	(106,714)
	<u>\$ 3,543,800</u>	<u>\$ 3,345,109</u>	<u>\$ 2,754,205</u>

**GREATER WILDWOODS TOURISM IMPROVEMENT
AND DEVELOPMENT AUTHORITY
ROSTER OF OFFICIALS
DECEMBER 31, 2012**

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 \$300,000 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.

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, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 8, 2013.

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

May 8, 2013

**GREATER WILDWOODS TOURISM IMPROVEMENT
AND DEVELOPMENT AUTHORITY
GENERAL COMMENTS AND RECOMMENDATIONS**

Findings and Recommendations

None

Status of Prior Year's Audit Recommendations

There were no prior year recommendations.

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

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

May 8, 2013

**GREATER WILDWOODS TOURISM IMPROVEMENT
AND DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2012**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified 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.