

OFFICIAL STATEMENT DATED JULY 26, 2018

NEW ISSUE

Rating: S&P “AA-”
(See “RATING” herein)

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the City (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest paid to certain corporate holders of the Bonds indirectly may be subject to alternative minimum tax under circumstances described under “TAX MATTERS” herein. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

**CITY OF NORTH WILDWOOD,
IN THE COUNTY OF CAPE MAY, NEW JERSEY
\$14,970,000 GENERAL IMPROVEMENT BONDS, SERIES 2018
(CALLABLE) (BOOK-ENTRY-ONLY)**

Dated: Date of Delivery

Due: August 1, as shown on the inside front cover

The \$14,970,000 General Improvement Bonds, Series 2018 (the “Bonds”), of the City of North Wildwood, in the County of Cape May, New Jersey (the “City”) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository.

Proceeds of the Bonds will be used, along with other available funds of the City, to (i) currently refund the City’s \$5,530,000 Bond Anticipation Note, dated and issued May 8, 2018 and maturing August 14, 2018; (ii) currently refund the City’s \$16,075,000 Bond Anticipation Note, dated and issued August 23, 2017 and maturing August 23, 2018; and (iii) pay the costs associated with the authorization, sale and issuance of the Bonds. See “AUTHORIZATION AND PURPOSE” herein.

Interest on the Bonds will be payable semiannually on the first day of February and August in each year until maturity or prior redemption, commencing February 1, 2019. The principal of and the interest due on the Bonds will be paid to DTC by the City. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are subject to optional redemption prior to their stated maturities. See “DESCRIPTION OF THE BONDS - Redemption” herein.

The Bonds are valid and legally binding obligations of the City and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its City Attorney, William J. Kaufmann, Esq., Wildwood, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Bonds. Delivery is anticipated to be at the offices of the City’s Bond Counsel, McManimon, Scotland & Baumann, LLC, or at such other place as agreed to with the Underwriter on or about August 13, 2018.



**CITY OF NORTH WILDWOOD,
IN THE COUNTY OF CAPE MAY, NEW JERSEY
\$14,970,000 GENERAL IMPROVEMENT BONDS, SERIES 2018**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS*

<u>Year (August 1)</u>	<u>Principal Amounts</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2019	\$935,000	2.00%	1.45%	663345JD9
2020	935,000	4.00	1.60	663345JE7
2021	985,000	4.00	1.75	663345JF4
2022	1,035,000	5.00	1.85	663345JG2
2023	1,125,000	5.00	1.95	663345JH0
2024	1,170,000	5.00	2.08	663345JJ6
2025	1,220,000	5.00	2.20	663345JK3
2026	1,310,000	4.00	2.39	663345JL1
2027	1,405,000	4.00	2.51	663345JM9
2028	1,455,000	3.00	2.90	663345JN7
2029	1,640,000	3.00	3.00	663345JP2
2030	1,755,000	3.00	3.10	663345JQ0

* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the City does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**CITY OF NORTH WILDWOOD,
IN THE COUNTY OF CAPE MAY, NEW JERSEY**

MAYOR

Patrick T. Rosenello

CITY COUNCIL

Margaret 'Peggy' A. Bishop
David J. Del Conte
James F. Kane
Ed Koehler
Joseph Rullo
Kellyann Tolomeo
Salvatore T. Zampirri, Sr.

CITY ADMINISTRATOR

Kevin Yecco

CHIEF FINANCIAL OFFICER

Todd N. Burkey

CITY CLERK

W. Scott Jett, R.M.C., C.M.R.

CITY AUDITOR

Ford, Scott and Associates LLC
Ocean City, New Jersey

CITY ATTORNEY

William J. Kaufmann, Esq.
Cafiero & Kaufmann, P.A.
Wildwood, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the City and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the City. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the City during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the City from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the City.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE BONDS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT
OF
CITY OF NORTH WILDWOOD,
IN THE COUNTY OF CAPE MAY, NEW JERSEY
\$14,970,000 GENERAL IMPROVEMENT BONDS, SERIES 2018**

INTRODUCTION

This Official Statement, which includes the front cover page, the inside front cover page and the appendices attached hereto, has been prepared by the City of North Wildwood, in the County of Cape May, New Jersey (the “City”) in connection with the sale and issuance of \$14,970,000 General Improvement Bonds, Series 2018 (the “Bonds”). This Official Statement has been executed by and on behalf of the City by its Chief Financial Officer, and its distribution and use in connection with the sale of the Bonds have been authorized by the City.

This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

DESCRIPTION OF THE BONDS

General Description

The Bonds shall be dated their date of delivery and shall mature on August 1 in each of the years and in the amounts set forth on the inside front cover page hereof. Interest due on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity or prior redemption, commencing on February 1, 2019. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the amount of \$5,000, or any integral multiple in excess thereof through book-entries made on the books and records of The Depository Trust Company, New York, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. (or any successor or assign), as nominee for DTC. See “Book-Entry-Only System” herein.

Redemption

The Bonds of this issue maturing prior to August 1, 2026 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after August 1, 2026 are redeemable at the option of the City, in whole or in part, on any date on or after August 1, 2025 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective

addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed bond registrar. Any failure of the securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the City shall send redemption notices only to Cede & Co. See “Book-Entry-Only System” herein for further information regarding conveyance of notices to Beneficial Owners (as defined below).

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption and no further interest shall accrue beyond the redemption date. Payment shall be made upon surrender of the Bonds redeemed.

Book-Entry-Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds (each a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the bonds with DTC and its' registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds is credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if applicable, shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuation of Book-Entry-Only System

If the City, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the City will attempt to locate another qualified securities depository. If the City fails to find such a securities depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the City shall notify DTC of the termination of the book-entry-only system.

SECURITY AND SOURCE OF PAYMENT

General

The Bonds are valid and legally binding obligations of the City, and the City has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the City without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

The City

The City is located along the southern border of Cape May County, New Jersey (the "County"). See Appendix "A" for demographic and statistical information concerning the City.

AUTHORIZATION AND PURPOSE

The Bonds are authorized by and are issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq. (the “Local Bond Law”), and the bond ordinances set forth below, each duly approved and published as required by law, and a resolution duly adopted by the City on July 3, 2018 (the “Resolution”).

The proceeds of the Bonds are being used to: (i) currently refund \$5,530,000 of the City’s \$5,530,000 Bond Anticipation Note, dated and issued May 8, 2018 and maturing August 14, 2018 (the “2018A Note”); (ii) currently refund \$10,440,000 of the City’s \$16,075,000 Bond Anticipation Note, dated and issued August 23, 2017 and maturing August 23, 2018 (the “2017 Note” and together with the 2018A Note, the “Prior Notes”), together with \$5,345,000 from the sale and issuance of the 2018B Note (as defined herein) and a \$290,000 paydown from the County of Cape May; and (iii) pay the costs associated with the authorization, sale and issuance of the Bonds.

BOND ORDINANCES		
BOND ORDINANCE NUMBER	DESCRIPTION OF AND DATE OF ADOPTION OF BOND ORDINANCE	AMOUNT OF PRIOR NOTES BEING REFUNDED WITH THE BOND PROCEEDS*
#1611	Various capital improvements, finally adopted June 19, 2012.	\$1,360,000
#1617	Various road, sewer, bulkhead and other related improvements, finally adopted December 18, 2012.	1,750,000
#1624	The replenishment of the entire beach, finally adopted May 7, 2013.	250,000
#1652	Various capital improvements, finally adopted July 15, 2014.	3,680,000
#1667	Various capital improvements, finally adopted March 3, 2015.	1,425,000
#1691	Various capital improvements, finally adopted December 15, 2015.	1,900,000
#1692	Various capital improvements, finally adopted March 15, 2016.	1,805,000
#1707	Various capital improvements, finally adopted November 15, 2016.	3,800,000
TOTAL:		\$15,970,000

*Bond proceeds consist of the par amount of the Bonds (in the amount of \$14,970,000.00), plus a portion of the original issue premium retained by the Borough (in the amount of \$1,000,000.00)

MARKET PROTECTION

The City expects to issue approximately \$5,345,000 aggregate principal amount of a Bond Anticipation Note (the “2018B Note”), the proceeds of which will be used by the City to currently refund \$5,345,000 of the City’s 2017 Note. The City anticipates receiving bids on the 2018B Note on or about August 14, 2018 and anticipates issuing the 2018B Notes on or about August 22, 2018.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N. J. S. A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the City are general full faith and credit obligations.

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. The City has not exceeded its statutory debt limit.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The City may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The City may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N. J. S. A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purpose and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP"

appropriations to within “CAP” appropriations nor can transfers be made between excluded from “CAP” appropriations.

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “Index Rate”. The “Index Rate” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year’s tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the City to levy *ad valorem* taxes upon all taxable real property within the City to pay debt service on its bonds or notes, including the Bonds.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the City was last completed in 2010, effective for tax year 2011.

Upon the filing of certified adopted budgets by the City’s local school district and the County, the tax rate is struck by the Cape May County Board of Taxation (the “County Board of Taxation”) based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et

seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time state aid is certified, by the City's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

Tax Appeals

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to November 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before January 15 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are concluded prior to the issuance of tax bills. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

Appendix B contains certain audited financial data of the City for the fiscal year ending December 31, 2017. The audited financial data was extracted from the report prepared by Ford, Scott and Associates LLC, Ocean City, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix B to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial data appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. *See* "APPENDIX B - Financial Statements of the City of North Wildwood, in the County of Cape May, New Jersey".

LITIGATION

To the knowledge of the City Attorney, William J. Kaufmann, Esq., of Cafiero & Kaufmann, P.A., Wildwood, New Jersey (the "City Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. To the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. A certificate to such effect will be executed by the City Attorney and delivered to the Underwriter (as hereinafter defined) at the closing.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the City to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The City will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the City with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the City observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Bank Qualification

The Bonds **will not** be designated as qualified under Section 265 of the Code by the City for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX

ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

SECONDARY MARKET DISCLOSURE

The City, pursuant to the Resolution, has covenanted for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the City shall provide:

(a) On or prior to 270 days from the end of each fiscal year, beginning with the fiscal year ending December 31 of each year in which the Bonds are issued, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Data Port ("MSRB") through the Electronic Municipal Market Access Data Port ("EMMA"), annual financial information with respect to City consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the City and certain financial information and operating data consisting of (i) City indebtedness, (ii) property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Notice of failure of the City to provide required annual financial information on or before the date specified in the undertaking shall be sent in a timely manner to the MSRB.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided pursuant to the City's undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the City prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the City fails to comply with the Rule requirements or the written contracts or undertakings, the City shall not be liable for monetary damages, remedy being specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

Within the five years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2013; (ii) operating data for the fiscal years ending December 31, 2012, 2013 and 2014; and (iii) adopted budgets for fiscal years ending December 31, 2013 and 2014. Additionally, the City previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; (iii) adopted budgets, all as described above, and late filing notices and/or event notices in connection with (a) certain bond insurer rating changes; and (b) an underlying rating change. Such notices of events and late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The City appointed Phoenix Advisors, LLC in May of 2015 to serve as continuing disclosure agent.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit any political subdivision of the State, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a

state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency") has assigned a rating of "AA-" to the Bonds based upon the creditworthiness of the City.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The City provided the Rating Agency with certain information and materials concerning the Bonds and the City. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITER

The Bonds have been purchased from the City, pursuant to the terms of the City's notice of sale, by Janney Montgomery Scott, LLC, Philadelphia, Pennsylvania (the "Underwriter"), at a purchase price of \$15,972,624.80 (the "Purchase Price"). The Underwriter is obligated to purchase all of the Bonds if any are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the City with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the sale, the issuance and the delivery of the Bonds are subject to the approval of Bond Counsel to the City, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the City by its City Attorney, William J. Kaufmann, Esq. of Cafiero & Kaufmann, P.A., Wildwood, New Jersey.

PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the Underwriter by certificates signed by the Mayor and Chief Financial Officer.

All other information has been obtained from sources that the City considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Todd N. Burkey, Chief Financial Officer, City of North Wildwood, 901 Atlantic Avenue, PO Box 499, North Wildwood, New Jersey, 08260, (609) 522-0932 or the Municipal Advisor, Phoenix Advisors, LLC at 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the City since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**CITY OF NORTH WILDWOOD, IN THE
COUNTY OF CAPE MAY, NEW JERSEY**

By: /s/ Todd N. Burkey _____
Todd N. Burkey
Chief Financial Officer

Dated: July 26, 2018

APPENDIX A

**Economic and Demographic Information Relating to the City North Wildwood, in the County of
Cape May, New Jersey**

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**GENERAL INFORMATION
ABOUT THE
CITY OF NORTH WILDWOOD, IN THE
COUNTY OF CAPE MAY, NEW JERSEY**

General

The City is a municipal corporation which was incorporated in 1917 from what had been previously known as Anglesea Borough and North Wildwood Borough. The City covers a land area of 1.8 square miles along the southern New Jersey coast which is popularly known as "Five Mile Beach". "Five Mile Beach" includes the City of North Wildwood, the City of Wildwood, the Boroughs of West Wildwood and Wildwood Crest, and a portion of Lower Township. The City is located in the County of Cape May, approximately 30 miles south of Atlantic City and 10 miles north of the City of Cape May. It is readily accessible from these communities and from the more distant Philadelphia and northern New Jersey-New York areas by use of the Garden State Parkway. Its location and temperate climate have enabled the City to develop a seasonal resort community enjoying wide, sandy beaches, clean ocean and boardwalk and served by a business community focused upon promoting tourism. In addition to the City's natural attractions for visitors, the City's business community has been instrumental in promoting its boardwalk and popular community events intended to lengthen the tourist season, attracting visitors from early spring through late autumn. The City has also experienced a growing year-round community, many of whom are retirees. The City's residential neighborhoods are made up of primarily single- and two-family dwellings, as well as condominium communities.

Governmental Structure

The City has a Mayor-Council form of government. The Mayor is elected for a four-year term without limitation as to the number of terms. The City Council consists of seven members. Six members are elected from wards for three-year terms on a staggered basis, and one member is elected at-large for a two-year term. Under this form of government, the Council functions as a legislative body. It must pass ordinances and approve appointments made by the Mayor. The Mayor acts as executive and is responsible for administrative functions. The Mayor is designated to head the police department, appoint, suspend or remove its employees and to direct the activities of the police force. The Mayor is authorized to supervise the acts of all other City employees and to report on such activities to Council. The Mayor is empowered to cast a vote to break a tie among Council members with respect to the adoption of an ordinance or resolution. The Mayor does have power to veto an ordinance adopted by Council; however, Council has the power to override that veto by a vote of 2/3 of its members. Council is responsible for the adoption of ordinances and resolutions and the control and regulation of the finances of the municipality, including raising of money by borrowing or taxation. Further, the Council has investigative powers with regard to any activities of the City and the power to appoint the City's subordinate officials. The City is empowered, by ordinance, to delegate all or a portion of the executive responsibilities to an administrator. The City has exercised such authority to appoint a full-time City Administrator who oversees the daily operations of City government.

The individuals presently serving as Mayor, members of Council and Administrator and their respective tenures in office are as set forth below:

<u>Name</u>	<u>Tenure</u>
Mayor Patrick Rosenello	January 2004 to Present
Council President Salvatore Zampirri	January 2011 to Present
Councilperson Dave Del Conte	September 2012 to Present
Councilperson Margaret Bishop	January 2011 to Present
Councilperson Edwin Koehler	January 2000 to Present
Councilperson James F. Kane	May 2012 to Present
Councilperson Kellyann Tolomeo	January 2007 to Present
Councilperson Joseph Rullo	January 2014 to Present
Administrator Kevin Yecco	August 2013 to Present

Police Department

The police force headquarters is located in a building adjacent to City Hall. On a year-round basis, the department consists of a chief of police, a deputy chief, a captain, two lieutenants, six sergeants, eleven patrolmen, three detectives, four radio dispatchers, two part-time code enforcement officers and two crossing guards. Also, a clerical and records bureau staff of three secretaries, and one janitorial staff member occupy the building. In addition, a corps of approximately sixty two seasonal employees, who are patrolmen, parking enforcement, clerical worker, code enforcement and seasonal dispatchers augment the force during the summer tourist season.

Fire Protection and Emergency Medical Services

The City presently has a combination fire department consisting of one municipal career division and two volunteer fire companies. The municipal division consists of one fire chief, four fire captains, ten firefighters and fifteen part-time firefighters. The volunteer companies consist of thirty-six officers and firefighters trained to provide fire and rescue services.

The City of North Wildwood Fire Department, municipal division also provides emergency medical services. All career and part-time fire department personnel are trained as emergency medical technicians.

Operating expenses and purchases of fire fighting and rescue equipment are paid by the City government. The City currently maintains four engines, one 75' quint (combination pumper and ladder truck), one 100' ladder truck, three ambulances, two utility response vehicles and two cars in three fire stations.

Recreation

The City has approximately two miles of sandy beach which is fully protected during the summer season by a force of seventy-two lifeguards under the supervision of a chief, captain, five lieutenants, three medics and three supervisors. The beach also has volleyball nets, horse shoe pits and bocce ball courts. Its 140,000 square feet of boardwalk fronts the Atlantic Ocean and is the site of amusements piers, arcades, and many fine commercial and eating establishments. The City is within ten miles of eight excellent golf courses and also has ample party boats, pier fishing and small boat rentals.

The recreation department administrator is employed on a full-time basis to direct sports and social programs of all age groups. The administrator oversees the \$5,705,000 community center, which houses a gymnasium; multi-purpose room; senior citizen recreation room and kitchen; conference rooms; game, weight and locker rooms; arts rooms; exercise room and lobby.

The six acre Albert I. Allen Memorial Park, outdoor recreation complex was recently updated in 2015. It includes a wildlife observation deck, a boardwalk-style nature walk, various shade tree areas, three tennis courts, multi-purpose field, basketball courts, handball courts, a children’s play area, hockey rink, skate park and a storage area. The city has also recently done major upgrades to two other parks within the city. Bill Henfey Park that consists of basketball courts, storage building, multipurpose field, and a children’s play area was updated in 2014. The park at 16th and the beach was renovated with new playground equipment in 2017.

The City also maintains a public boat ramp which generates user fees of \$42,000.00 per year. The City also maintains a system of parks and other recreational areas.

Public Works

Trash and garbage collection is provided by a private contractor retained by the City twice a week during the summer and once a week during the rest of the year.

A crew of 19 fulltime workers and approximately 31 seasonal workers clean the roadways, patch and maintain the streets, clean and maintain the beach, and perform building minor maintenance.

Transportation

The City is very accessible to visitors. The Garden State Parkway, a major north-south artery, skirts the City and provides access to Philadelphia, New York City and Atlantic City. The Parkway connects with the Cape May-Lewes Ferry Service, which provides a convenient, modern method of crossing the Delaware Bay. A \$180 million bridge and roadway completed in 1997, connecting the City with the Garden State Parkway and mainland Cape May County.

Education

The Board of Education for the City of North Wildwood operates independently of the City government. It is a Type II School District with nine members being elected by vote of the people for staggered three year terms, and one representative member being appointed by the sending district of West Wildwood.

The Board of Education provides instruction for children from grades Pre-Kindergarten through eight and has a sending relationship for its high school age students with the City of Wildwood Board of Education. Students may also be sent to Cape May County Special Services School District, Cape May County Technical High School, Compact Alternative High School, Charter Tech High School and various private and state schools for the handicapped. Cape May County pays partial tuition for City students who attend out of county community colleges.

Enrollment totals, including those for North Wildwood School District (NWSD), Wildwood High School (WHS) and Cape May County Special Services School District (CMCSSSD) follow:

<u>Year</u>	<u>PreK to 8 NWSD</u>	<u>9 to 12 WHS</u>	<u>9 to 12 Other</u>	<u>PreK to 12 CMCSSSD</u>	<u>Total</u>
2013	319	37	-	15	371
2014	305	46	-	14	365
2015	270	38	-	11	319
2016	253	22	1	15	291
2017	210	23	1	5	239

Parochial school students attend Saint Ann’s Catholic School in North Wildwood from pre-kindergarten through eighth grade and Wildwood Catholic High School for grades nine through twelve. There are currently thirty-two students from North Wildwood attending Saint Ann’s and thirty-three attending Wildwood Catholic.

(Source: Board of Education for the City of North Wildwood)

Tourism Development

In cooperation with the adjoining municipalities of Wildwood and Wildwood Crest, pursuant to N.J.S.A. 40:54D-1 *et seq.*, the City has created a tourism improvement and development district known as The Greater Wildwoods Tourism Improvement and Development Authority ("GWTIDA"). GWTIDA's statutory mission is to promote and to advertise the Greater Wildwoods (the City, Wildwood and Wildwood Crest) as a tourist destination and, to that end, to provide appropriate public facilities, including the operation of convention center facilities. For that purpose, GWTIDA is authorized to levy taxes upon predominantly tourism related retail receipts at a rate of 2% for certain tourism related activities as defined in the law. In addition, a tourism development fee is imposed upon certain business owners to provide additional funds for such tourism related activities. Effective as of August 14, 2002, through legislative amendment, an additional 1.85% tax is imposed upon the rental for occupancy of rooms in hotels and motels in the Greater Wildwoods.

Effective as of December 24, 1997, also through legislative amendment, the New Jersey Sports and Exposition Authority (NJSEA) took title to land formerly occupied by the City of Wildwood Convention Center. NJSEA razed those facilities and constructed a new Wildwoods Convention Center, utilizing a 90% share of the 2% tourism related activities tax which is now dedicated to NJSEA for the purpose of operating and maintaining the facility.

In April 2002, the new Wildwoods Convention Center was completed at a cost of \$68,000,000. It features the latest high-tech amenities within a 260,000 square foot building, providing flexible space for conventions, meetings and special events. Its main hall provides seating for up to 7,000 guests. It also includes an 11,700 square foot dividable ballroom and an 8,675 square foot meeting area. Its most unique feature is a 6,600 square foot ocean front deck which provides phenomenal views from its location along the beach front in the City of Wildwood.

NJSEA has entered into an agreement with GWTIDA for operation of the new Wildwoods Convention Center, and GWTIDA has embarked upon an aggressive marketing program for the facility.

(Source: The Greater Wildwoods Tourism Improvement and Development District)

In addition to the City's participation with GWTIDA, the City has also formed a special improvement district as authorized by N.J.S.A. 40:56-65 *et seq.* This legislation permits a municipality to offer certain supplemental municipal services to businesses within a defined area of one or more municipalities. These supplemental services are provided through a designated nonprofit corporation and funded through a special assessment upon the benefitted businesses. Commonly, these supplemental services include a provision for additional common area maintenance and other municipal improvements.

The City has undertaken this effort in conjunction with the adjacent City of Wildwood and has designated the areas of its boardwalk to receive these supplemental services. The designated nonprofit corporation made up of special improvement districts formed in both the City and the City of Wildwood is known as "The Wildwoods Boardwalk Special Improvement District" (WBSID). The WBSID was formed in 1997. It has developed a comprehensive plan for City boardwalk improvements.

The North Wildwood component consists of all commercial properties that front the boardwalk. The WBSID is funded through a special assessment upon commercial properties within its jurisdiction. The 2017 current assessment is \$.094 per \$100 of assessed value. Currently, there are thirty-one properties in the City with a total annual assessment of \$58,209,400. Approximately 50% of the property owners live and/or work in the City.

The WBSID, which includes the City and Wildwood, has a total operating budget in 2017 of approximately \$1.7 million. The WBSID is engaged in the following programs and projects:

- Operation of the Boardwalk Sightseer Tram Cars;
- Service contract for maintenance of municipal restrooms;
- Cleaning and maintenance services for boardwalk;
- Weekly & July 4th fireworks;
- Strolling entertainment;
- Boardwalk Banner Program;
- Boardwalk information kiosks;
- Craft shows;
- Video website;
- Public facilities renovation.

The WBSID Management Corporation, a private, nonprofit New Jersey corporation, manages WBSID and consists of a fifteen member volunteer and municipally appointed Board of Directors with full-time staff.

The year round population changed in the City of North Wildwood from 1950 through 2010 as follows:

<u>Year</u>	<u>Population</u>
1950	1,921
1960	3,164
1970	3,760
1980	4,714
1990	5,017
2000	4,935
2010	4,041

(Source: Federal Census)

The City's summer population was approximately 76,048 in 2012.

(Source: Cape May County Planning Department)

ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

Trend of Employment and Unemployment

	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment</u>
North Wildwood				
2017	1,845	1,597	248	13.4%
2016	1,853	1,590	263	14.2%
2015	1,940	1,614	326	16.8%
2014	1,969	1,609	360	18.3%
2013	2,024	1,585	439	21.7%
Cape May County				
2017	47,088	42,780	4,308	9.1%
2016	47,222	42,584	4,638	9.8%
2015	48,534	43,143	5,391	11.1%
2014	48,925	42,938	5,987	12.2%
2013	49,208	42,168	7,040	14.3%
New Jersey				
2017	4,518,800	4,309,700	209,100	4.6%
2016	4,530,800	4,305,500	225,300	5.0%
2015	4,537,200	4,274,700	262,500	5.8%
2014	4,527,200	4,221,300	305,900	6.8%
2013	4,548,600	4,173,800	374,700	8.2%
United States				
2017	160,310,000	153,337,000	6,973,000	4.3%
2016	159,191,000	151,440,000	7,750,000	4.9%
2015	157,133,000	148,844,000	8,289,000	5.3%
2014	155,916,000	146,316,000	9,599,000	6.2%
2013	155,398,000	143,941,000	11,457,000	7.4%

(Source: State of New Jersey, Department of Labor, Division of Labor Market & Demographic Research)

In 2006-2010, the median household income among 2,238 households in the City was \$45,041, while the median household income among 45,420 households within Cape May County was \$54,292.

(Source: Cape May County Planning Department)

Capital Improvement Program

The Capital Improvement Program of the City for the next three years (2018 through 2020) will be to continue to upgrade street and sewer infrastructure, a pump station, boardwalk restoration, improve the City's Beach Patrol Building, reconstruct the City's bulkheads, beach sand restoration, and to provide for new equipment for the City's Public Works and Public Safety Departments. Total expenditures for these purposes are estimated to be \$12,000,000 with \$11,400,000 being financed with long-term debt.

Building Permits Issued

Residential Building Permits

<u>Year</u>	<u>Number</u>
2013	473
2014	429
2015	486
2016	583
2017	567

Housing Stock

As of 2013, there were approximately 7,811 taxable line items in the City of North Wildwood, broken down as follows: 171 vacant land; 7,530 one to four family dwelling units; 51 five plus family dwelling units and 214 commercial units.

Payroll and Related Expenses

The City currently employs approximately 100 full-time, 9 part-time and temporary and 197 seasonal employees. Under the laws of New Jersey, municipal employees have certain organizational and representational rights, which include the right to organize, to negotiate collectively through representatives of their choosing and to engage in lawful concerted activities for negotiating. State law prohibits strikes by public employees and there have been no strikes among municipal employees in the City since employees were granted the right to negotiate collectively.

Currently, approximately fifty-two of the City's employees are organized in three collective bargaining units. PBA Local 59 has a contract which expires on December 31, 2019. FMBA Local 56 has a contract which expires on December 31, 2019. The contract with CWA Local 1034 (Blue Collar Workers) has a contract which expires December 31, 2019.

<u>Bargaining Unit</u>	<u>Job Category</u>	<u>Members</u>
PBA (Local 59)	Represents uniformed officers, except chief	22
CWA (Local 1034)	Represents all blue collar workers	18
North Wildwood FMBA (Local 56)	Represents all fire department employees, except chief	14

Retirement Systems and Pension Funds

All full-time or qualified City employees must enroll in one of two pension systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by State Legislature. The Division of Pensions within the Treasury Department of the State is the administrator of the funds with benefit and contribution levels set by the State.

Public Employees' Retirement System

Non-uniformed permanent City employees are covered under the Public Employees' Retirement System. The system is evaluated every year. Employee rates of contribution are normally determined by the rate applicable at the age of enrollment.

Police and Firemen's Retirement System

Uniformed employees of the City are covered under the Police and Firemen's Retirement System. Annual contributions are as follows:

	<u>PERS</u>	<u>PFRS</u>
2017	\$361,353.00	\$743,344.00
2016	\$347,119.00	\$643,734.00
2015	\$333,310.00	\$644,877.00
2014	\$303,759.00	\$607,979.00
2013	\$321,882.00	\$722,023.00
2012	\$363,107.00	\$732,434.00

CITY OF NORTH WILDWOOD
DEBT STATEMENT AS OF DECEMBER 31, 2017

DIRECT DEBT:

General Obligation Bonds:		
General Capital	14,780,000.00	
School District	365,000.00	
Total General Obligation Bonds	<u>15,145,000.00</u>	15,145,000.00
General Obligation Bonds: (This Issue)		
General Capital	15,970,000.00	
Total Amount to be Issued	<u>15,970,000.00</u>	15,970,000.00
Other Debt:		
General Capital		
USDA Bond Payable	11,557,407.10	
Green Trust Loans	51,730.40	
NJEIT - Bonds	4,775,000.00	
NJEIT - Loan	9,415,901.49	
Total Other Debt	<u>25,800,038.99</u>	25,800,038.99
Bond Anticipation Notes:		
General Capital	21,605,000.00	
Less this Issue	<u>(15,970,000.00)</u>	
Total Bond Anticipation Notes		5,635,000.00
Debt Authorized but not Issued:		
General Capital	610,025.00	
Less this Issue	<u>-</u>	
Total Debt Authorized but not Issued		<u>610,025.00</u>
TOTAL GROSS DEBT		<u><u>63,160,063.99</u></u>
NET DIRECT CITY AND SCHOOL DISTRICT DEBT		<u><u>63,160,063.99</u></u>
NET DIRECT CITY DEBT		<u><u>62,795,063.99</u></u>

(1) Source: Auditor to the City of North Wildwood

CITY OF NORTH WILDWOOD
DEBT STATEMENT AS OF DECEMBER 31, 2017

NET DIRECT CITY AND SCHOOL DISTRICT DEBT 63,160,063.99

INDIRECT DEBT:

Cape May County (2)	6,350,925.00	
Cape May County MUA (3)	<u>2,280,799.50</u>	
 Total Indirect Debt		 <u>8,631,724.50</u>

NET DIRECT CITY AND SCHOOL DISTRICT AND INDIRECT DEBT 71,791,788.49

CAPITAL DEBT RATIO (4)

	<u>Amount</u>	<u>Ratio to Equalized Value (5)</u>
Net Direct Debt	62,795,063.99	2.44%
Net Direct City, School District and Indirect Debt	71,791,788.49	2.79%

	<u>Amount</u>	<u>Ratio to Net Valuation Taxable (6)</u>
Net Direct Debt	62,795,063.99	2.43%
Net Direct City, School District and Indirect Debt	71,791,788.49	2.78%

-
- (1) Source: Auditor to the City of North Wildwood
 - (2) Represents North Wildwood City's 5.25 % pro rata share of Cape May County's \$120,970,000 outstanding debt.
 - (3) Represents North Wildwood City's 5.25 % pro rata share of Cape May County MUA's \$43,443,800 outstanding debt.
 - (4) As of January 1, 2017.
 - (5) Equalized value as of December 31, 2017 is 2,577,647,285.
 - (6) Net taxable value as of December 31, 2012 is 2,582,085,857.

**CITY OF NORTH WILDWOOD
CITY AND SCHOOL DISTRICT
DEBT INCURRING CAPACITY**

City Debt Incurring Capacity

Average three-year (2015-2017, incl.) equalized valuation of real property with improvements plus assessed valuation of Class II Railroad property	2,569,447,308	
3 1/2 % Municipal Borrowing Margin		89,930,655.79
Less: City Net Debt - less reserve for Debt Service		<u>61,394,312.21</u>
Total remaining City debt incurring capacity		<u><u>28,536,343.58</u></u>
Percentage that the net debt bears to the equalized valuation basis equals:		<u><u>2.39%</u></u>

School District Debt Incurring Capacity

Average three-year (2015-2017, incl.) equalized valuation of real property with improvements plus assessed valuation of Class II Railroad property	2,569,447,308	
3% School Borrowing Margin		77,083,419.25
Less: School District Debt		<u>365,000.00</u>
Total remaining School District debt incurring capacity		<u><u>76,718,419.25</u></u>
Percentage that the net debt bears to the equalized valuation basis equals:		<u><u>0.01%</u></u>

(1) Source: Auditor to the City of North Wildwood

**CITY OF NORTH WILDWOOD
DEBT SERVICE REQUIREMENTS PRIOR TO ISSUANCE**

Existing Long-Term Debt Service Requirements (1)

Year Ending 12/31	Outstanding Bonds and Loans as of December 31, 2017				Total
	General		School		
	Principal	Interest	Principal	Interest	
2018	3,525,745.19	696,717.47	180,000.00	7,762.50	4,410,225.16
2019	2,995,382.05	581,697.63	185,000.00	4,162.50	3,766,242.18
2020	2,999,857.20	483,115.18			3,482,972.38
2021	3,029,170.67	390,580.08			3,419,750.75
2022	1,788,322.76	296,942.26			2,085,265.02
2023	1,565,512.22	251,139.16			1,816,651.38
2024	1,620,655.64	208,620.75			1,829,276.39
2025	1,622,070.96	161,224.44			1,783,295.40
2026	423,376.90	112,187.50			535,564.40
2027	428,376.90	108,737.50			537,114.40
2028	433,376.90	105,137.50			538,514.40
2029	433,376.90	101,387.50			534,764.40
2030	438,376.90	97,637.50			536,014.40
2031	443,376.90	93,737.50			537,114.40
2032	448,376.90	89,687.50			538,064.40
2033	453,376.90	85,487.50			538,864.40
2034	458,376.90	80,956.26			539,333.16
2035	463,376.90	76,081.26			539,458.16
2036	463,376.90	71,043.76			534,420.66
2037	473,376.90	65,812.50			539,189.40
2038	478,376.90	60,243.76			538,620.66
2039	483,376.90	54,506.26			537,883.16
2040	488,376.90	48,600.00			536,976.90
2041	493,376.90	42,525.00			535,901.90
2042	498,376.90	36,050.00			534,426.90
2043	508,376.90	29,400.00			537,776.90
2044	513,376.90	22,400.00			535,776.90
2045	523,376.90	15,225.00			538,601.90
2046	528,377.20	7,700.00			536,077.20
Totals	29,022,631.89	4,474,580.77	365,000.00	11,925.00	26,889,693.86

In addition to the debt payments above there are semi-annual payments of \$637,910 for seven USDA Bonds. This obligations ends on September 20, 2054. The balance on December 31, 2017 is \$11,557,407.10.

(1) Source: Auditor to the City of North Wildwood

**CITY OF NORTH WILDWOOD
DEBT SERVICE REQUIREMENTS AFTER ISSUANCE**

Long-Term Debt Service Requirements (1)

New Issue General		Total Outstanding Debt Service Requirements	Year Ending 12/31	% Principal Retired
Principal	Interest **			
		4,410,225.16	2018	
1,000,000.00	479,100.00	5,245,342.18	2019	
1,000,000.00	449,100.00	4,932,072.38	2020	
1,050,000.00	419,100.00	4,888,850.75	2021	
1,100,000.00	387,600.00	3,572,865.02	2022	41.6%
1,200,000.00	354,600.00	3,371,251.38	2023	
1,250,000.00	318,600.00	3,397,876.39	2024	
1,300,000.00	281,100.00	3,364,395.40	2025	
1,400,000.00	242,100.00	2,177,664.40	2026	
1,500,000.00	200,100.00	2,237,214.40	2027	68.7%
1,550,000.00	155,100.00	2,243,614.40	2028	
1,750,000.00	108,600.00	2,393,364.40	2029	
1,870,000.00	56,100.00	2,462,114.40	2030	
		537,114.40	2031	
		538,064.40	2032	84.9%
		538,864.40	2033	
		539,333.16	2034	
		539,458.16	2035	
		534,420.66	2036	
		539,189.40	2037	
		538,620.66	2038	
		537,883.16	2039	
		536,976.90	2040	
		535,901.90	2041	
		534,426.90	2042	
		537,776.90	2043	
		535,776.90	2044	
		538,601.90	2045	
		536,077.20	2046	
<u>15,970,000.00</u>	<u>3,451,200.00</u>	<u>46,310,893.86</u>	Totals	

** Interest rate estimated at 3.00%.

(1) Source: Auditor to the City of North Wildwood

**CITY OF NORTH WILDWOOD
BONDS AND LOANS OUTSTANDING**

The Outstanding bonds of the City incurred for capital expenditures as of December 31, 2017 are shown below: (Prior to this issue).

BONDS OUTSTANDING AS OF DECEMBER 31, 2017 (1)

General Capital:		Principal
<u>Issued</u>	<u>Purpose</u>	<u>Outstanding</u>
10/15/2002	NJEIT - Bond	625,000.00
10/15/2002	NJEIT - Loan	472,971.09
2017A	NJEIT - Bond	4,150,000.00
2017A	NJEIT - Loan	8,942,930.40
2005A	Green Trust Loan	51,730.40
12/1/2004	General Obligations	580,000.00
12/1/2009	General Obligations	5,600,000.00
8/14/2013	General Obligations	8,600,000.00
Total General Capital		<u>29,022,631.89</u>
School Type II:		Principal
<u>Issued</u>	<u>Purpose</u>	<u>Outstanding</u>
1/1/1999	School Construction	1,201,000.00
Total School Type II		<u>1,201,000.00</u>

(1) Source: Auditor to the City of North Wildwood

**CITY OF NORTH WILDWOOD
COMPARATIVE BALANCE SHEET - CURRENT FUND (1)**

Year Ended December 31 (2)

	2017	2016	2015	2014	2013	2012
ASSETS						
Cash and Investments	11,473,830	10,399,252	9,808,462	7,710,035	7,555,170	6,999,996
Other Assets without Reserves	1,690	2,690	187	3,045	384	-
	<u>11,475,520</u>	<u>10,401,942</u>	<u>9,808,649</u>	<u>7,713,081</u>	<u>7,555,554</u>	<u>6,999,996</u>
Receivables with Full Reserves:						
Property Taxes Receivable	496,633	489,052	451,978	421,668	415,281	360,430
Tax Title Liens Receivables	280,899	275,359	267,856	4,090	777	672
Property Acquired for Taxes	-	-	-	-	-	-
Revenue Accounts Receivable	428,960	447,021	392,310	358,945	356,839	302,978
Other Assets	-	-	-	-	-	-
Interfunds	29,428	24,354	20,097	16,605	136,686	12,600
	<u>1,235,919</u>	<u>1,235,786</u>	<u>1,132,241</u>	<u>801,308</u>	<u>909,583</u>	<u>676,678</u>
Deferred Charges:						
Emergency Authorizations		250,000	-	850,000		365,000
Special Emergency Authorizations	180,000	240,000	300,000	20,000	40,000	60,000
Other Deferred Charges		12,200				
	<u>180,000</u>	<u>502,200</u>	<u>300,000</u>	<u>870,000</u>	<u>40,000</u>	<u>425,000</u>
	<u>12,891,440</u>	<u>12,139,928</u>	<u>11,240,889</u>	<u>9,384,388</u>	<u>8,505,136</u>	<u>8,101,675</u>
LIABILITIES, RESERVES & FUND BALANCE						
Liabilities:						
Appropriation Reserves	1,648,050	2,121,081	1,735,683	1,840,153	1,281,501	1,408,954
Prepaid Taxes	1,790,720	843,816	815,283	802,621	817,601	754,299
Overpaid Taxes	64,724	42,279	3,000	14,905	22,612	23,790
County & School Taxes Payable	1,056,645	966,467	836,237	683,942	535,293	591,872
Other Liabilities	557,455	445,390	532,304	424,636	458,742	790,937
Interfunds	359,296	578,515	591,737	118,426	52,758	126,765
	<u>5,476,889</u>	<u>4,997,548</u>	<u>4,514,244</u>	<u>3,884,683</u>	<u>3,168,507</u>	<u>3,696,618</u>
Reserve for Receivables	1,235,919	1,235,786	1,132,241	801,308	909,583	676,678
Fund Balance	6,178,631	5,906,594	5,594,404	4,698,398	4,427,047	3,728,379
	<u>12,891,440</u>	<u>12,139,928</u>	<u>11,240,889</u>	<u>9,384,388</u>	<u>8,505,136</u>	<u>8,101,675</u>

CITY OF NORTH WILDWOOD
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND (1)

	For the Years Ending December 31, (2)					
	2017	2016	2015	2014	2013	2012
REVENUES AND OTHER INCOME						
Fund Balance Utilized	3,000,000	2,800,000	2,560,000	2,500,000	1,900,000	1,900,000
Current Tax Collections	32,117,396	31,459,647	30,314,196	29,779,367	29,363,395	29,272,833
Delinquent Tax Collections	1,312	-	3,263	169	8,499	6,034
Miscellaneous Revenues Anticipated	8,607,338	8,387,602	8,857,129	7,442,480	9,091,627	7,422,699
Revenues not Anticipated	594,137	678,804	739,023	420,008	537,447	303,499
Unexpended Prior Reserves	1,751,446	1,447,763	1,619,814	1,023,841	1,063,164	871,805
Interfunds	2,017	-	-	122,861	24	-
Other Revenues and Credits	-	1	-	-	-	-
	<u>46,073,647</u>	<u>44,773,817</u>	<u>44,093,424</u>	<u>41,288,725</u>	<u>41,964,156</u>	<u>39,776,871</u>
EXPENDITURES						
Budget and Emergency Appropriations						
Municipal Operations						
Operations Within "CAPS"						
Salaries and Wages	8,516,881	8,394,815	8,165,031	7,961,866	7,846,615	8,084,394
Other Expenses	8,190,912	8,446,919	8,181,038	7,613,672	7,464,563	7,156,575
Deferred Charges & Statutory Exp.	1,658,397	1,533,853	1,521,187	1,563,415	1,631,905	1,746,844
Operations Excluded from "CAPS"						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	4,193,498	3,967,408	4,552,956	3,845,334	5,137,749	4,005,636
Deferred Charges & Statutory Exp.	310,000	613,638	470,000	870,000	385,000	42,000
Capital Improvements	300,000	200,000	150,000	150,000	150,000	150,000
Debt Service	5,703,698	5,149,165	4,763,185	4,293,414	3,879,626	4,264,765
County Taxes	6,750,211	6,476,129	6,381,418	6,563,086	6,668,536	6,493,341
Local School Taxes	7,026,668	6,894,489	6,575,254	6,312,709	5,981,751	6,118,240
Special District Taxes	55,000	55,000	55,000	55,000	55,000	50,000
Interfunds	6,758	3,946	3,297	2,523	123,804	3,291
Other Expenditures	89,585	188,466	119,052	136,355	40,939	5,617
	<u>42,801,609</u>	<u>41,923,827</u>	<u>40,937,417</u>	<u>39,367,374</u>	<u>39,365,488</u>	<u>38,120,703</u>

CITY OF NORTH WILDWOOD
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND (1)

	For the Years Ending December 31, (2)					
	2017	2016	2015	2014	2013	2012
EXCESS OR (DEFICIT) IN REVENUES	3,272,037	2,849,989	3,156,007	1,921,351	2,598,668	1,656,168
Adjustments to Income before Fund Balance						
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Years		262,200	300,000	850,000		365,000
Statutory Excess to Fund Balance	3,272,037	3,112,189	3,456,007	2,771,351	2,598,668	2,021,168
Fund Balance January 1	5,906,594	5,594,404	4,698,398	4,427,047	3,728,379	3,607,211
	9,178,631	8,706,594	8,154,404	7,198,398	6,327,047	5,628,379
Deduct Fund Balance Utilized as an Anticipated Revenue	3,000,000	2,800,000	2,560,000	2,500,000	1,900,000	1,900,000
Fund Balance December 31	<u>6,178,631</u>	<u>5,906,594</u>	<u>5,594,404</u>	<u>4,698,398</u>	<u>4,427,047</u>	<u>3,728,379</u>

(1) Source: Auditor to the City of North Wildwood

(2) Audited Results

CITY OF NORTH WILDWOOD
SUMMARY STATEMENT OF FINANCIAL OPERATIONS AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 - CURRENT FUND (1)

	Audited December 31, 2017	Audited December 31, 2016
	<u> </u>	<u> </u>
REVENUES		
Fund Balance Utilized	3,000,000.00	2,800,000.00
Current Tax Collections	32,117,396.22	31,459,646.77
Delinquent Tax Collections	1,311.62	-
Miscellaneous Revenues Anticipated	8,607,338.21	8,387,602.27
Revenues not Anticipated	594,137.28	678,804.29
Unexpended Prior Reserves	1,751,446.06	1,447,762.79
Interfunds & Other Items of Revenue	2,017.18	0.60
	<u>46,073,646.57</u>	<u>44,773,816.72</u>
EXPENDITURES		
Budget and Emergency Appropriations		
Municipal Operations		
Operations Within "CAPS"		
Salaries and Wages	8,516,881.33	8,394,815.35
Other Expenses	8,190,912.48	8,446,919.21
Deferred Charges & Statutory Exp.	1,658,396.99	1,533,853.00
Operations Excluded from "CAPS"	-	-
Salaries and Wages	-	-
Other Expenses	4,193,498.46	3,967,407.50
Deferred Charges & Statutory Exp.	310,000.00	613,638.17
Capital Improvements	300,000.00	200,000.00
Debt Service	5,703,698.05	5,149,164.56
County Taxes	6,750,211.27	6,476,128.92
Local School Taxes	7,026,668.00	6,894,489.00
Special District Taxes	55,000.00	55,000.00
Interfunds	6,757.66	3,945.50
Other Expenditures	89,585.12	188,466.09
	<u>42,801,609.36</u>	<u>41,923,827.30</u>
Deferred Charges to Succeeding Budget	-	262,199.99
Net Expenditures	<u>42,801,609.36</u>	<u>41,661,627.31</u>
EXCESS OR (DEFICIT) IN REVENUES	3,272,037.21	3,112,189.41
FUND BALANCE JANUARY 1	5,906,593.89	5,594,404.48
	<u>9,178,631.10</u>	<u>8,706,593.89</u>
Utilized as Anticipated Revenue	3,000,000.00	2,800,000.00
FUND BALANCE DECEMBER 31	<u><u>6,178,631.10</u></u>	<u><u>5,906,593.89</u></u>

(1) Source: Auditor to the City of North Wildwood

CITY OF NORTH WILDWOOD
2018 BUDGET
2017 BUDGET AND AUDITED RESULTS (1)

	2018 Adopted Budget (2)	2017 Budget	2017 Audited Results
ANTICIPATED REVENUES:			
Surplus Anticipated	3,000,000.00	3,000,000.00	3,000,000.00
Local Revenues (3)	6,604,000.00	6,593,500.00	6,881,190.96
State Aid	442,027.00	442,027.00	442,027.00
Federal and State Grants	81,506.02	479,207.02	476,746.46
Other Miscellaneous Revenues	835,897.06	804,975.36	807,373.79
Receipts from Delinquent Taxes	-	-	1,311.62
Amount to be Raised by Taxation	<u>18,612,110.24</u>	<u>18,266,159.56</u>	<u>18,800,575.50</u>
 Total Anticipated Revenues	 <u><u>29,575,540.32</u></u>	 <u><u>29,585,868.94</u></u>	 <u><u>30,409,225.33</u></u>
APPROPRIATIONS:			
Municipal Operations			
Operations Within "CAPS"			
Salaries and Wages	8,728,564.76	8,516,881.33	8,516,881.33
Other Expenses	8,706,791.58	8,190,912.48	8,190,912.48
Deferred Charges & Statutory Expenditures	1,647,680.04	1,658,396.99	1,658,396.99
Operations Excluded from "CAPS"			
Salaries and Wages	5,389.11	-	
Other Expenses	3,311,810.91	4,195,959.02	4,193,498.46
Deferred Charges & Statutory Expenditures	670,025.00	310,000.00	310,000.00
Capital Improvements	300,000.00	300,000.00	300,000.00
Debt Service	5,681,485.16	5,898,660.57	5,703,698.05
Reserve for Uncollected Taxes	<u>523,793.76</u>	<u>515,058.55</u>	<u>515,058.55</u>
 Total Appropriations	 <u><u>29,575,540.32</u></u>	 <u><u>29,585,868.94</u></u>	 <u><u>29,388,445.86</u></u>

(1) Source: Auditor to the City of North Wildwood

(2) Adopted by City Council on March 20, 2018.

(3) Includes; inter alia, municipal court fines and permits, etc.

**CITY OF NORTH WILDWOOD
TEN-YEAR REAL ESTATE TAX COLLECTION RECORD (1)**

Tax Year	Tax Levy (2)	Current Year Collections	Percent of Current Levy Collected	Total Tax Collections	Percent of Total Levy Collected	Outstanding Balance December 31
2017	32,241,325	32,117,396	99.62%	32,124,567	99.64%	496,633
2016	31,570,770	31,459,647	99.65%	31,464,213	99.66%	489,052
2015	30,480,487	30,314,196	99.45%	30,317,459	99.47%	451,978
2014	30,005,531	29,779,367	99.25%	29,779,367	99.25%	421,668
2013	29,554,886	29,363,395	99.35%	29,371,894	99.38%	415,281
2012	29,506,712	29,272,833	99.21%	29,278,867	99.23%	360,430
2011	29,604,792	29,397,367	99.30%	29,375,359	99.23%	328,111
2010	29,979,990	29,310,819	97.77%	29,290,664	97.70%	328,306
2009	29,031,483	28,594,761	98.50%	28,589,378	98.48%	15,363
2008	28,020,974	27,854,070	99.40%	27,859,575	99.42%	25,730
Ten-Year Average			<u>99.15%</u>		<u>99.14%</u>	

ANALYSIS OF REAL ESTATE TAX RATES (1)

	2017	2016	2015	2014	2013
Local Municipal Tax	0.708	0.698	0.644	0.625	0.612
Local School Tax	0.273	0.268	0.245	0.233	0.220
County Tax	0.261	0.252	0.239	0.243	0.246
Total Rate (3)	<u>1.242</u>	<u>1.218</u>	<u>1.128</u>	<u>1.101</u>	<u>1.078</u>

(1) Source: Auditor to the City of North Wildwood
(2) Original Levy Plus Added and Omitted Levies as of September 1st.
(3) Original Rate per County Abstract of Ratables

**CITY OF NORTH WILDWOOD
TAX TITLE LIENS AND DELINQUENT TAXES (1)**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Total Tax Levy</u>
2017	280,869	496,633	777,502	2.41%
2016	275,359	489,052	764,411	2.42%
2015	267,856	451,978	719,834	2.36%
2014	4,090	421,668	425,758	1.42%
2013	777	415,281	416,058	1.41%
2012	672	360,430	361,101	1.22%
2011	642	328,111	328,753	1.11%
2010	602	328,306	328,908	1.10%
2009	488	15,363	15,851	0.05%
2008	343	25,730	26,073	0.09%

**PROPERTY ACQUIRED FOR TAXES (1)
STATED AT ASSESSED VALUATION**

<u>Year</u>	<u>Value of City Held Property Assessed Valuation</u>
2017	-
2016	-
2015	-
2014	-
2013	-
2012	-
2011	-
2010	-
2009	-
2008	-

(1) Source: Auditor to the City of North Wildwood

**CITY OF NORTH WILDWOOD
TREND OF CITY REAL PROPERTY VALUATIONS (1)**

Year	Net Valuation Taxable (2)	Net Valuation on Which County Taxes are Apportioned (3)	Ratio of Total Taxable Value of Land and Improvements to Net Valuation on Which County Taxes are Apportioned (4)
2017	2,582,085,857	2,577,647,285	100.48%
2016	2,582,103,357	2,536,924,942	102.11%
2015	2,694,567,728	2,537,583,688	106.55%
2014	2,717,153,370	2,639,218,608	103.31%
2013	2,726,654,433	2,735,759,610	100.01%
2012	2,737,383,216	2,818,095,972	97.48%
2011	"r" 2,752,506,108	3,004,938,527	91.91%
2010	3,504,353,878	3,091,959,519	113.75%
2009	3,549,103,312	3,287,686,995	108.32%
2008	3,531,455,415	3,151,513,752	112.45%

(1) Source: Cape County Abstract of Ratables.

(2) Generally comparable to assessed value.

(3) Generally comparable to market value.

(4) Substantially equivalent to average ratio of assessed to market value of real property and improvements.

R Complete revaluation

r Complete reassessment

CITY OF NORTH WILDWOOD
TREND OF CITY REAL PROPERTY CLASSIFICATIONS (1)

Year	Vacant Land	Residential	Commercial	Industrial	Apartments	Total Assessed Value Land and Improvements	Personal Property	Total Taxable Value
2017	38,137,800	2,279,121,900	236,047,300		28,333,500	2,581,640,500	445,357	2,582,085,857
2016	35,064,000	2,274,419,400	241,340,700		30,825,000	2,581,649,100	454,257	2,582,103,357
2015	35,770,700	2,365,649,100	256,223,900		36,454,200	2,694,097,900	469,828	2,694,567,728
2014	33,131,200	2,374,440,500	270,180,500		38,937,600	2,716,689,800	463,570	2,717,153,370
2013	39,188,900	2,368,078,800	277,243,700	-	41,500,100	2,726,011,500	642,933	2,726,654,433
2012	35,211,800	2,381,552,500	278,863,700		41,089,400	2,736,717,400	665,816	2,737,383,216
2011	37,159,400	2,393,983,800	279,924,500		40,757,200	2,751,824,900	681,208	2,752,506,108
2010	58,190,200	3,047,917,100	339,914,300		57,494,500	3,503,516,100	837,778	3,504,353,878
2009	54,060,600	3,083,034,000	351,901,300		59,245,500	3,548,241,400	861,912	3,549,103,312
2008	69,472,400	3,042,449,300	354,785,300	-	63,952,100	3,530,659,100	796,315	3,531,455,415

(1) Source: City Extended Tax Duplicate

**CITY OF NORTH WILDWOOD
TEN OF THE HIGHEST ASSESSED VALUATIONS (1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>
Youschak, Richard S., Sr.	Motel, Restaurant & Stores	14,000,000
Will & Bill Morey Enterprises, Inc.	Amusement Pier	9,661,700
Wyoming Properties, Inc.	Motel & Restaurant	6,350,000
Sportland Investments	Amusement Pier	6,301,900
Matador Motel, Inc.	Motel	5,860,000
RHR Wildwood 423, LLC	Motel & Stores	5,500,000
Taxpayer #1	Motel	5,130,000
Wildwood Grocery Owners, LLC		4,979,800
North Point Developers, LLC	Motel	4,689,800
W & E Enterprise Inc.	Motel & Amusement Pier	4,499,000
Total		66,972,200
Percentage of Total Assessed Valuation		2.59%

(1) Source: City Tax Assessor

APPENDIX B

**Financial Statements of the City of North Wildwood,
in the County of Cape May, New Jersey**

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of North Wildwood, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of North Wildwood as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 22 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$449,127.51 and \$369,461.87, for 2017 and 2016 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Wildwood’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Uniform Guidance and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were 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 schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The letter of comments and recommendations section has not been 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 April 6, 2018 on our consideration of the City of North Wildwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Wildwood's internal control over financial reporting and compliance.

Very truly yours,

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

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

April 6, 2018

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

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 11,472,480.36	10,397,901.54
Cash - Change	1,350.00	1,350.00
Total Cash	<u>11,473,830.36</u>	<u>10,399,251.54</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	1,690.08	2,690.08
Total Other Receivables	<u>1,690.08</u>	<u>2,690.08</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	496,633.01	489,051.76
Tax Title and Other Liens	280,898.77	275,359.24
Revenue Accounts Receivable	428,959.80	447,020.86
Interfund Receivable:		
Trust - Assessment	105.18	241.18
Trust - Other	29,094.73	22,337.07
Animal Control	228.00	1,776.00
Grant Fund		-
Total Receivables and Other Assets	<u>1,235,919.49</u>	<u>1,235,786.11</u>
Deferred Charges:		
Emergency Appropriation	-	250,000.00
Special Emergency Appropriation	180,000.00	240,000.00
Overexpenditure of Appropriations	-	12,199.99
Total Deferred Charges	<u>180,000.00</u>	<u>502,199.99</u>
Total Regular Fund	<u>12,891,439.93</u>	<u>12,139,927.72</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	738,572.86	1,031,222.86
Due from Current Fund	356,964.49	165,062.46
Due from Trust Funds	4,878.98	78,893.35
Due from General Capital	4,636.03	4,636.03
Total Federal and State Grant Fund	<u>1,105,052.36</u>	<u>1,279,814.70</u>
Total Current Fund	<u>\$ 13,996,492.29</u>	<u>13,419,742.42</u>

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

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,290,389.64	1,961,973.52
Reserve for Encumbrances	357,659.97	159,107.55
Prepaid Taxes	1,790,719.54	843,815.69
Overpaid Taxes	64,723.64	42,279.40
Sewer Rent Overpayments	56,454.00	36,119.15
Local School Tax Payable	1,032,050.48	966,466.50
County Added Tax Payable	24,594.86	-
Special District Tax Payable	257.83	257.83
Due to State:		
Marriage Licenses	125.00	100.00
Seniors & Veterans	-	-
Interfund Payable:		
Federal and State Grant Fund	356,964.49	165,062.46
Trust - Other	-	424.00
Tourism	162.00	162.00
GWTIDA	2,170.00	412,866.80
Other		
Payroll Taxes Payable	66,400.63	5,577.71
Reserve for Hereford Park Improvements	9,001.00	9,001.00
Reserve for Beach Repairs	50,000.00	-
Reserve for State Tax Appeal	80,000.00	80,000.00
Reserve for Revaluation	-	40,518.50
Reserve for 1.85% Room Tax	295,216.26	273,815.61
	<u>5,476,889.34</u>	<u>4,997,547.72</u>
Reserve for Receivables and Other Assets	1,235,919.49	1,235,786.11
Fund Balance	6,178,631.10	5,906,593.89
Total Regular Fund	<u>12,891,439.93</u>	<u>12,139,927.72</u>
Federal and State Grant Fund:		
Unappropriated Reserves	81,506.02	78,886.57
Appropriated Reserves	985,061.38	1,150,297.17
Encumbrances Payable	38,484.96	50,630.96
Due to Current Fund	-	-
Total Federal and State Grant Fund	<u>1,105,052.36</u>	<u>1,279,814.70</u>
Total Current Fund	<u>\$ 13,996,492.29</u>	<u>13,419,742.42</u>

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

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized		
Fund Balance	\$ 3,000,000.00	2,800,000.00
Miscellaneous Revenue Anticipated	8,607,338.21	8,387,602.27
Receipts from Delinquent Taxes	1,311.62	-
Receipts from Current Taxes	32,117,396.22	31,459,646.77
Non Budget Revenue	594,137.28	678,804.29
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,751,446.06	1,447,762.79
Interfund Returned	2,017.18	-
Grant Appropriation Cancelled	-	0.60
Total Income	<u>46,073,646.57</u>	<u>44,773,816.72</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,516,881.33	8,394,815.35
Other Expenses	8,190,912.48	8,446,919.21
Deferred Charges & Statutory Expenditures	1,658,396.99	1,533,853.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	4,193,498.46	3,967,407.50
Capital Improvements	250,000.00	200,000.00
Reserve for Beach Repairs	50,000.00	-
Debt Service	5,703,698.05	5,149,164.56
Deferred Charges	310,000.00	613,638.17
Judgements	-	-
Local District School Tax	7,026,668.00	6,894,489.00
County Tax	6,725,616.41	6,462,548.77
County Share of Added Tax	24,594.86	13,580.15
Interfund Created	6,757.66	3,945.50
Refund of Prior Year's Revenue	-	77,433.10
Refund of Prior Year's Revenue - Taxes	89,585.12	111,032.99
Other:		
Special District Taxes	55,000.00	55,000.00
Total Expenditures	<u>42,801,609.36</u>	<u>41,923,827.30</u>
Excess/(Deficit) in Revenue	<u>3,272,037.21</u>	<u>2,849,989.42</u>

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

	<u>2017</u>	<u>2016</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	12,199.99
Emergency Appropriation	-	250,000.00
Total Adjustments	<u>-</u>	<u>262,199.99</u>
Statutory Excess to Fund Balance	<u>3,272,037.21</u>	<u>3,112,189.41</u>
Fund Balance January 1	<u>5,906,593.89</u>	<u>5,594,404.48</u>
	9,178,631.10	8,706,593.89
Decreased by:		
Utilization as Anticipated Revenue	<u>3,000,000.00</u>	<u>2,800,000.00</u>
Fund Balance December 31	<u>\$ <u>6,178,631.10</u></u>	<u>5,906,593.89</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,000,000.00	-	-
Total Fund Balance Anticipated	<u>3,000,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	50,000.00	-	9,050.00
Other	138,500.00	-	(2,500.50)
Fees and Permits	300,000.00	-	88,458.33
Fines and Costs:			
Municipal Court	425,000.00	-	(45,356.76)
Interest and Costs on Taxes	75,000.00	-	13,948.57
Interest Earned on Investments	50,000.00	-	53,741.90
Parking Meters	800,000.00	-	20,129.55
Emergency Rescue Services	220,000.00	-	73,918.89
Fire Inspector Fees	150,000.00	-	51,204.00
Sewer Rents	4,250,000.00	-	(17,118.33)
Tram Car Lease	35,000.00	-	(742.69)
Rental of City Property	100,000.00	-	42,958.00
Total Section A: Local Revenues	<u>6,593,500.00</u>	<u>-</u>	<u>287,690.96</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	442,027.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	<u>442,027.00</u>	<u>-</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Drunk Driving Enforcement Fund	4,577.48	-	4,577.48
Rural Development - Rural Development Emergency Vehicle	-	20,100.00	20,100.00
United States DOJ - Bulletproof Vest Partnership	-	2,460.56	(2,460.56)
Clean Communities Program	41,932.77	-	41,932.77
Body Armor Grant	2,825.76	-	2,825.76
Title DCA- Small Cities 16th Avenue & Boardwalk	-	400,000.00	400,000.00
COPS in Shops	2,330.80	-	2,330.80
Seat Belt Initiative	4,979.65	-	4,979.65
Total Section F: Special Items - Public and Private Programs	56,646.46	422,560.56	476,746.46
Section G: Other Special Items			
Uniform Fire Safety Act	10,000.00	-	12,398.43
1.85% Beach Maintenance	273,815.61	-	273,815.61
Capital Surplus	50,000.00	-	50,000.00
County Proceeds to Pay Debt Service for Open Space	290,000.00	-	290,000.00
Reserve to Pay Debt Service	181,159.75	-	181,159.75
Total Section G: Other Special Items	804,975.36	-	807,373.79
Total Miscellaneous Revenues:	7,897,148.82	422,560.56	8,607,338.21
Receipts from Delinquent Taxes	-	-	1,311.62

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	18,266,159.56	-	18,800,575.50	534,415.94
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>18,266,159.56</u>	<u>-</u>	<u>18,800,575.50</u>	<u>534,415.94</u>
Budget Totals	29,163,308.38	422,560.56	30,409,225.33	823,356.39
Non- Budget Revenues:				
Other Non- Budget Revenues:	-	-	594,137.28	594,137.28
	<u>29,163,308.38</u>	<u>422,560.56</u>	<u>31,003,362.61</u>	<u>1,417,493.67</u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration	\$ 82,500.00	82,500.00	81,530.22	-	969.78	-
Salaries and Wages	186,100.00	196,100.00	186,267.55	3,303.64	6,528.81	-
Other Expenses						
Mayor and Council	104,787.59	104,787.59	104,787.54	-	0.05	-
Salaries and Wages	5,500.00	5,500.00	3,015.81	-	2,484.19	-
Other Expenses						
City Clerk	184,213.19	184,213.19	173,730.72	-	10,482.47	-
Salaries and Wages	71,000.00	71,000.00	63,916.02	3,573.07	3,510.91	-
Other Expenses						
Financial Administration	151,763.64	151,763.64	148,246.90	-	3,516.74	-
Salaries and Wages	63,000.00	63,000.00	40,322.98	4,321.00	18,356.02	-
Other Expenses						
Ambulance Billing Administration Fee	24,000.00	24,000.00	15,171.91	-	8,828.09	-
Other Expenses						
Audit Services	47,000.00	47,000.00	47,000.00	-	-	-
Other Expenses						
Assessment of Taxes	30,738.53	30,738.53	27,947.21	-	2,791.32	-
Salaries and Wages	106,000.00	106,000.00	104,166.71	276.44	1,556.85	-
Other Expenses						
Collection of Taxes	212,506.59	212,506.59	212,373.11	-	133.48	-
Salaries and Wages	27,500.00	27,500.00	22,738.25	1,868.62	2,893.13	-
Other Expenses						
Legal Services	400,000.00	400,000.00	334,164.33	23,561.04	42,274.63	-
Other Expenses						
Engineering Services	250,000.00	250,000.00	100,145.77	-	149,854.23	-
Other Expenses						
LAND USE ADMINISTRATION						
Zoning Board of Adjustment	62,106.02	62,106.02	61,278.26	-	827.76	-
Salaries and Wages	54,000.00	54,000.00	25,072.84	856.49	28,070.67	-
Other Expenses						
INSURANCE						
General Liability	366,675.00	366,675.00	364,453.00	-	2,222.00	-
Workers Compensation Insurance	147,131.00	147,131.00	147,131.00	-	-	-
Employee Group Health	2,552,128.16	2,552,128.16	2,361,979.29	-	190,148.87	-
Health Benefits Waiver						
Salaries and Wages	4,000.00	4,000.00	2,000.00	-	2,000.00	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY						
Fire						
Salaries and Wages	1,275,861.02	1,350,861.02	1,346,732.24	-	4,128.78	-
Other Expenses	126,300.00	126,300.00	78,257.51	43,852.99	4,189.50	-
Fire Safety Act						
Salaries and Wages	150,038.85	150,038.85	110,425.43	-	39,613.42	-
Other Expenses	25,500.00	25,500.00	8,083.17	14,183.31	3,233.52	-
Aid to Volunteer Fire Company						
Other Expenses	125,000.00	125,000.00	121,200.00	-	3,800.00	-
Police						
Salaries and Wages	3,489,597.16	3,414,597.16	3,214,068.72	-	200,528.44	-
Other Expenses	347,190.32	347,190.32	258,246.71	88,869.78	73.83	-
Emergency Management Services						
Salaries and Wages	14,478.46	14,478.46	14,432.42	-	46.04	-
Other Expenses	18,400.00	18,400.00	9,782.33	8,399.54	218.13	-
Municipal Court						
Salaries and Wages	128,123.91	134,123.91	132,450.95	-	1,672.96	-
Other Expenses	64,301.00	64,301.00	60,710.10	905.12	2,685.78	-
Municipal Prosecutor						
Other Expenses	30,200.00	30,200.00	30,200.00	-	-	-
Public Defender						
Other Expenses	9,000.00	9,000.00	9,000.00	-	-	-
PUBLIC WORKS						
Public Works Department						
Salaries and Wages	1,159,584.80	1,143,584.80	1,110,748.99	-	32,835.81	-
Other Expenses	670,400.00	670,400.00	531,154.95	102,324.68	36,920.37	-
Garbage and Trash						
Other Expenses	530,000.00	530,000.00	513,974.50	-	16,025.50	-
Public Buildings and Grounds						
Salaries and Wages	443,675.38	443,675.38	418,421.42	-	25,253.96	-
Other Expenses	271,540.00	271,540.00	207,477.39	43,812.35	20,250.26	-
HEALTH AND HUMAN SERVICES						
Dog Regulation						
Other Expenses	37,847.00	37,847.00	28,804.00	-	9,043.00	-
PARKS AND RECREATION						
Lifeguards						
Salaries and Wages	557,031.21	557,031.21	546,752.50	-	10,278.71	-
Other Expenses	105,600.00	105,600.00	102,571.23	2,500.00	528.77	-
Recreation Center						
Salaries and Wages	384,673.25	384,673.25	373,191.87	-	11,481.38	-
Other Expenses	49,100.00	49,100.00	26,653.84	1,142.25	21,303.91	-

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official	81,901.73	81,901.73	81,031.61	-	870.12	-
Salaries and Wages	11,700.00	11,700.00	3,421.25	233.74	8,045.01	-
Other Expenses						
UNCLASSIFIED						
Celebration of Public Events, Anniversary etc.						
Salaries and Wages	9,300.00	9,300.00	5,498.89	-	3,801.11	-
Other Expenses	93,300.00	93,300.00	59,044.05	1,399.80	32,856.15	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	180,000.00	180,000.00	172,439.96	-	7,560.04	-
Street Lighting	300,000.00	300,000.00	261,986.13	-	38,013.87	-
Telephone	135,000.00	135,000.00	95,118.96	256.25	39,624.79	-
Natural Gas	60,000.00	60,000.00	35,382.08	-	24,617.92	-
Water	150,000.00	150,000.00	127,215.99	-	22,784.01	-
Gasoline	170,000.00	170,000.00	109,856.80	-	60,143.20	-
Traffic Lights	30,000.00	30,000.00	28,240.96	-	1,759.04	-
Cape May County MUA - Tipping Fees	340,000.00	340,000.00	285,444.97	12,019.86	42,535.17	-
TOTAL OPERATIONS WITHIN "CAPS"	16,707,293.81	16,707,293.81	15,145,461.34	357,659.97	1,204,172.50	-
Contingent	500.00	500.00	-	-	500.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,707,793.81	16,707,793.81	15,145,461.34	357,659.97	1,204,672.50	-
Detail:						
Salaries and Wages	8,526,881.33	8,516,881.33	8,165,649.00	-	351,232.33	-
Other Expenses	8,180,912.48	8,190,912.48	6,979,812.34	357,659.97	853,440.17	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpended Grant Appropriation Reserves	12,199.99	12,199.99	12,199.99	-	-	-

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	361,353.00	361,353.00	361,353.00	-	-	-
Social Security System (O.A.S.I.)	440,000.00	440,000.00	415,155.56	-	24,844.44	-
Police and Firemen's Retirement System	743,344.00	743,344.00	743,344.00	-	-	-
Unemployment Compensation Insurance	43,000.00	43,000.00	36,338.22	-	6,661.78	-
Lifeguard Pension	18,500.00	18,500.00	17,556.48	-	943.52	-
Retirement Reserve	39,000.00	39,000.00	-	-	39,000.00	-
Defined Contribution Retirement Program	1,000.00	1,000.00	757.92	-	242.08	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,658,396.99	1,658,396.99	1,586,705.17	-	71,691.82	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	18,366,190.80	18,366,190.80	16,732,166.51	357,659.97	1,276,364.32	-
OPERATIONS - EXCLUDED FROM "CAPS" (A) Operations - Excluded from "CAPS"	3,675,199.00	3,675,199.00	3,672,238.00	-	2,961.00	-
Utilities Authority - Sewer Charges	40,000.00	40,000.00	28,950.18	-	11,049.82	-
Length of Service Award Program (LOSAP)	3,715,199.00	3,715,199.00	3,701,188.18	-	14,010.82	-
(A) Public and Private Programs Off-Set by Revenues						
USDA Emergency Vehicle Grant	-	20,100.00	20,100.00	-	-	-
Body Armor Grant	2,825.76	2,825.76	2,825.76	-	-	-
2017 Small Cities CDBG	-	400,000.00	400,000.00	-	-	-
United States DOJ - Bulletproof Vest Partnership Municipal Alliance	-	2,460.56	-	-	-	2,460.56
Local Share	1,553.00	1,553.00	1,538.50	-	14.50	-
Clean Communities Program	41,932.77	41,932.77	41,932.77	-	-	-
COPS in Shops	2,330.80	2,330.80	2,330.80	-	-	-
Seat Belt Initiative	4,979.65	4,979.65	4,979.65	-	-	-
Drunk Driving Enforcement Fund	4,577.48	4,577.48	4,577.48	-	-	-
Total Public and Private Programs Off-Set by Revenues	58,199.46	480,760.02	478,284.96	-	14.50	2,460.56
Total Operations - Excluded from "CAPS" Detail:	3,773,398.46	4,195,959.02	4,179,473.14	-	14,025.32	2,460.56
Salaries and Wages	-	-	-	-	-	-
Other Expenses	3,773,398.46	4,195,959.02	4,179,473.14	-	14,025.32	2,460.56

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00	-	-	-
Reserve for Beach Repairs	50,000.00	50,000.00	50,000.00	-	-	-
Total Capital Improvements	<u>300,000.00</u>	<u>300,000.00</u>	<u>300,000.00</u>	-	-	-
(D) Debt Service						
Payment of Bond Principal	2,900,000.00	2,900,000.00	2,900,000.00	-	-	-
Payment of Bond Anticipation Notes	520,000.00	520,000.00	520,000.00	-	-	-
Interest on Bonds	602,865.00	602,865.00	602,865.00	-	-	-
Interest on Notes	307,225.00	307,225.00	307,224.99	-	-	0.01
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	7,461.48	7,461.99	7,461.99	-	-	-
USDA Bonds - Series 2000A	42,634.00	42,634.00	42,634.00	-	-	-
USDA Bonds - Series 2000B	5,218.00	5,218.00	5,218.00	-	-	-
USDA Bonds - Series 2004A	31,078.00	31,078.00	31,078.00	-	-	-
USDA Bonds - Series 2005A	56,072.00	56,072.00	56,072.00	-	-	-
USDA Bonds - Series 2010A	196,076.00	196,076.00	196,076.00	-	-	-
USDA Bonds - Series 2012A	221,652.00	221,652.00	221,652.00	-	-	-
USDA Bonds - Series 2015A	85,180.00	85,180.00	85,180.00	-	-	-
NJEIT Payments 1997/2002 Issues	323,199.09	323,198.58	313,143.80	-	-	10,054.78
NJEIT Payments 2017 Issues	600,000.00	600,000.00	415,092.27	-	-	184,907.73
Total Debt Service	<u>5,898,660.57</u>	<u>5,898,660.57</u>	<u>5,703,698.05</u>	-	-	<u>194,962.52</u>
(E) Deferred Charges						
Emergency Authorizations	250,000.00	250,000.00	250,000.00	-	-	-
Special Emergency Authorizations - 5 years	60,000.00	60,000.00	60,000.00	-	-	-
Total Deferred Charges	<u>310,000.00</u>	<u>310,000.00</u>	<u>310,000.00</u>	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	10,282,059.03	10,704,619.59	10,493,171.19	-	14,025.32	197,423.08
SUBTOTAL GENERAL APPROPRIATIONS	28,648,249.83	29,070,810.39	27,225,337.70	357,659.97	1,290,389.64	197,423.08
(M) Reserve for Uncollected Taxes	515,058.55	515,058.55	515,058.55	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 29,163,308.38</u>	<u>29,585,868.94</u>	<u>27,740,396.25</u>	<u>357,659.97</u>	<u>1,290,389.64</u>	<u>197,423.08</u>

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Budget		29,163,308.38			197,423.08
Appropriations by 40A:4-87		<u>422,560.56</u>			-
		<u>29,585,868.94</u>			<u>197,423.08</u>
Reserve for Uncollected Taxes			515,058.55		
Federal and State Grants			476,746.46		
Deferred Charges			322,199.99		
Capital Improvement Fund			50,000.00		
Disbursements			26,376,391.25		
			<u>27,740,396.25</u>	Cancelled Overexpended	

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

	2017	2016
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	\$ 15,824.49	\$ 15,960.49
Assessments Receivable	3,218.35	3,218.35
	19,042.84	19,178.84
<u>Animal Control Fund</u>		
Cash and Investments	860.00	2,318.00
	860.00	2,318.00
<u>Length of Service Award Programs (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	449,127.51	369,461.87
Employer Contribution Receivable	11,049.82	13,681.42
	460,177.33	383,143.29
<u>Other Funds</u>		
Cash and Investments	2,963,536.91	1,908,993.42
Due from Current Fund	-	424.00
	2,963,536.91	1,909,417.42
	\$ 3,443,617.08	\$ 2,314,057.55

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

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>2017</u>	<u>2016</u>
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	\$ 3,218.35	\$ 3,218.35
Fund Balance	15,719.31	15,719.31
Due to Current Fund	105.18	241.18
	<u>19,042.84</u>	<u>19,178.84</u>
<u>Animal Control Fund</u>		
Reserve for Dog Expenditures	632.00	542.00
Due to Current Fund	228.00	1,776.00
	<u>860.00</u>	<u>2,318.00</u>
<u>Length of Service Award Programs (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	<u>460,177.33</u>	<u>383,143.29</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Sale Certificates	136,384.22	40,828.64
Premiums Received at Tax Sale	559,583.26	155,383.26
Due to Current Fund	29,094.73	22,337.07
Due to Grant Fund	4,878.98	78,893.35
Reserve for Tourism Development	21,513.00	16,998.44
Reserve for Recreation	169,306.68	135,768.16
Reserve for Parking Offenses Adjudication Act	27,320.08	27,421.07
Reserve for Public Defender	13,589.52	12,114.52
Reserve for Municipal Alliance	15,509.89	14,204.60
Reserve for D.A.R.E.	466.13	810.29
Reserve for Disposal of Forfeited Property	-	2,063.59
Reserve for Forefeiture Trust	5,915.26	-
Reserve for Flex Savings	1,165.40	385.40
Reserve for Off Duty Police	2,618.34	2,618.34
Reserve for Recreation - Junior Lifeguards	4,958.66	3,648.66
Reserve for Lifeguard Pension	244,244.16	256,311.56
Reserve for Fire Prevention	11,216.12	20,755.93
Reserve for Small Cities Escrow	120,277.85	78,350.45
Reserve for Municipal Parking Improvements	8,173.50	8,119.97
Reserve for Developers' Escrow	999,076.21	404,594.20
Reserve for UEZ 2nd Generation Funds	15,000.00	15,000.00
Reserve for Memorials/Beautification Enhancement	94,108.52	85,293.92
Reserve for UCC Third Party	479,136.40	527,516.00
	<u>2,963,536.91</u>	<u>1,909,417.42</u>
	<u>\$ 3,443,617.08</u>	<u>\$ 2,314,057.55</u>

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

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

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash	\$ 3,635,648.83	1,647,514.81
Deferred Charges to Future Taxation -		
Funded	40,580,038.99	30,886,010.21
Unfunded	22,215,025.00	35,480,000.00
Interfunds and Receivables		
NJEIT Receivable - 2017/A	7,970,262.00	-
	<u>74,400,974.82</u>	<u>68,013,525.02</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	5,841,012.99	10,891,358.37
Interfunds:		
Due to Federal & State Grant Fund	4,636.03	4,636.03
Bond Anticipation Notes Payable	21,605,000.00	14,670,000.00
Serial Bonds Payable	14,780,000.00	17,680,000.00
Wastewater Treatment Trust Bonds	4,775,000.00	815,000.00
Wastewater Treatment Trust Loan	9,415,901.49	565,757.68
Green Trust Loan Payable	51,730.40	58,062.64
U.S.D.A. Bonds Payable	11,557,407.10	11,767,189.89
Improvement Authorizations:		
Funded	650,225.34	298,992.48
Unfunded	3,351,135.33	7,260,982.82
Reserve for Debt Service	1,400,751.78	241,159.75
Reserve for NJEIT Advance	-	2,799,711.00
Capital Improvement Fund	57,630.00	130.00
Fund Balance	910,544.36	960,544.36
	<u>\$ 74,400,974.82</u>	<u>68,013,525.02</u>

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

2016	20,810,000.00
2017	610,025.00

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

	<u>2017</u>	<u>2016</u>
Beginning Balance January 1	\$ 960,544.36	597,224.00
Increased by:		
Premiums on sale of Bonds & Notes	-	169,562.90
Cancellation of Improvement Authorizations	-	193,757.46
Decreased by:		
2015 Budget - Capital Surplus	50,000.00	-
Ending Balance December 31	\$ <u>910,544.36</u>	<u>960,544.36</u>

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

<u>General Fixed Assets</u>	<u>2017</u>	<u>2016</u>
Land and Land Improvements	\$ 99,956,445.00	\$ 99,842,848.00
Buildings	18,853,243.00	18,853,243.00
Machinery and Equipment	8,231,897.00	7,290,741.00
	<u>\$ 127,041,585.00</u>	<u>\$ 125,986,832.00</u>
 Investment in General Fixed Assets	 \$ 127,041,585.00	 \$ 125,986,832.00
	<u>\$ 127,041,585.00</u>	<u>\$ 125,986,832.00</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of North Wildwood include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of North Wildwood, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

B. Description of Funds

The accounting policies of the City of North Wildwood conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of North Wildwood accounts for its financial transactions through the following separate funds:

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

Trust Funds -- various Trust Funds, including Public Assistance, account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$1,000.00 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale, with the exception of those in litigation, and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the City of North Wildwood to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Sewer Charges – The entity does not operate a separate sewer utility fund. However, rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on December 1, April 1, June 1 and September 1.

Interest on Delinquent Sewer Charges - It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the City of North Wildwood to treat interest on projects as a current expense and the interest is included in the current operating budgets.

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

D. Required Financial Statements

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

E. Comparative Data

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

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F. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "Irrevocable Split-Interest Agreements". This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85 "Omnibus 2017". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, may have an effect on the City's financial reporting.

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NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2017 and 2016 statutory budgets included a reserve for uncollected taxes in the amount of \$515,058.55 and \$502,830.89. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2017 and 2016 statutory budgets was \$3,000,000.00 and \$2,800,000.00

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following budget transfers were approved in the 2017 and 2016 calendar years:

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
<u>Current Fund:</u>		
Administration		
Other Expenses	10,000.00	25,000.00
Planning Board		
Salaries and Wages	-	2,000.00
Public Works		
Salaries and Wages	(16,000.00)	-
Fire		
Salaries and Wages	75,000.00	10,000.00
Fire Safety Act		
Salaries and Wages	-	10,000.00
Police		
Salaries and Wages	(75,000.00)	(59,000.00)
Municipal Court		
Salaries and Wages	6,000.00	12,000.00
Water	-	2,000.00
Gasoline	-	(2,000.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2017 and 2016, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
Rural Development - Rural Development Emergency Vehicle	\$ 20,100.00	\$ -
Title DCA- Small Cities 16th Avenue & Boardwalk	400,000.00	-
NJDOT Municipal Aid Program	-	180,000.00
NJ Dept of Law & Safety - Body Worn Camera	-	10,000.00
Rural Development - Fire Preventin Trailer	-	46,000.00
United States DOJ - Bulletproof Vest Partnership	2,460.56	2,460.56

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The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. The City did not approve any Emergency Appropriation's in 2017 that needed to be raised in the 2018 Budget. However, prior to adoption, the City approved a Temporary Emergency appropriation in the amount of \$192,500.00 for Capital Improvement Fund to cover down payments of Capital Ordinances adopted in 2017.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2015 for \$300,000.00. The Special Emergency was for a revaluation in the entity. The unfunded balance as of December 31, 2017 was \$180,000.00.

NOTE 3: INVESTMENTS

As of December 31, 2017 and 2016, the municipality had no investments.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the entity can invest in any one issuer.

Unaudited Investments

As more fully described in Note 21, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Investments, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2017 and 2016 amounted to \$449,127.51 and \$369,461.87, respectively.

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2017, \$2,896,153.32 of the municipality's bank balance of \$19,105,641.52 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2017 and 2016:

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Land	\$ 99,085,966.00	756,882.00	-	99,842,848.00
Building	18,570,753.00	29,516.00	(252,974.00)	18,853,243.00
Equipment and Machinery	7,132,450.00	738,184.00	579,893.00	7,290,741.00
	<u>\$ 124,789,169.00</u>	<u>1,524,582.00</u>	<u>326,919.00</u>	<u>125,986,832.00</u>
	Balance 12/31/2016	Additions	Adjustments/ Retirements	Balance 12/31/2017
Land	\$ 99,842,848.00	113,597.00	-	99,956,445.00
Building	18,853,243.00	-	-	18,853,243.00
Equipment and Machinery	7,290,741.00	1,151,420.00	210,264.00	8,231,897.00
	<u>\$ 125,986,832.00</u>	<u>1,265,017.00</u>	<u>210,264.00</u>	<u>127,041,585.00</u>

Note that the City of North Wildwood contracted with TAG Consulting Group to complete a full appraisal of the City's capital assets which were valued at \$1,000.00 or more as of December 31, 2014.

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Bond Anticipation Notes payable:				
General	\$ 9,610,000.00	14,670,000.00	9,610,000.00	14,670,000.00
	<u>\$ 9,610,000.00</u>	<u>14,670,000.00</u>	<u>9,610,000.00</u>	<u>14,670,000.00</u>
	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Bond Anticipation Notes payable:				
General	\$ 14,670,000.00	21,605,000.00	14,670,000.00	21,605,000.00
	<u>\$ 14,670,000.00</u>	<u>21,605,000.00</u>	<u>14,670,000.00</u>	<u>21,605,000.00</u>

There was two notes issued by the City of North Wildwood, one in the amount of \$16,075,000.00 on 08/23/17 and is due and payable on 08/23/18 with interest at 2.25%. The second note was issued in the amount of \$5,530,000.00 on 5/9/17 and is due and payable on 5/9/18 with the interest at 2.25%.

As of December 31, 2017 the entity has authorized but not issued bonds in the amount of \$610,025.00 in the General Capital Fund.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2017 and 2016 consisted of the following:

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within *One Year
Bonds payable:					
General	\$ 33,484,294.24	-	3,222,104.35	30,262,189.89	3,090,000.00
Total	<u>\$ 33,484,294.24</u>	<u>-</u>	<u>3,222,104.35</u>	<u>30,262,189.89</u>	<u>3,090,000.00</u>
Other liabilities:					
Loans Payable	\$ 722,814.37	-	98,994.05	623,820.32	99,118.83
Compensated Absences Payable	630,444.70	166,961.42	60,172.49	737,233.63	-
Total long-term liabilities	<u>\$ 34,837,553.31</u>	<u>166,961.42</u>	<u>3,381,270.89</u>	<u>31,623,243.84</u>	<u>3,189,118.83</u>
	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due Within * One Year
Bonds payable:					
General	\$ 30,262,189.89	4,150,000.00	3,299,782.79	31,112,407.10	3,752,910.00
Total	<u>\$ 30,262,189.89</u>	<u>4,150,000.00</u>	<u>3,299,782.79</u>	<u>31,112,407.10</u>	<u>3,752,910.00</u>
Other liabilities:					
Loans Payable	\$ 623,820.32	9,148,515.00	304,703.43	9,467,631.89	410,745.19
Compensated Absences Payable	737,233.63	55,987.58	106,139.65	687,081.56	-
Total long-term liabilities	<u>\$ 31,623,243.84</u>	<u>13,354,502.58</u>	<u>3,710,625.87</u>	<u>41,267,120.55</u>	<u>4,163,655.19</u>

*Excludes USDA Bonds Payable

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

At December 31, 2017, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$8,000,000.00 General Improvement Bonds, dated December 1, 2004, due in annual installments through December 1, 2018, bearing interest at various rates. The balance remaining as of December 31, 2017 is \$580,000.00.

\$13,630,000.00 General Improvement Bonds, dated December 1, 2009, due in annual installments through December 1, 2021, bearing interest at various rates. The balance remaining as of December 31, 2017 is \$5,600,000.00.

\$11,400,000.00 General Improvement Bonds, dated August 1, 2013, due in annual installments through August 1, 2025, bearing interest at various rates. The balance remaining as of December 31, 2017 is \$8,600,000.00.

\$1,745,000.00 New Jersey Wastewater Treatment Trust Bonds dated October 15, 2002, due in annual installments through August 1, 2022, bearing interest at various rates. The balance remaining as of December 31, 2017 is \$625,000.00.

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

\$1,843,735 New Jersey Wastewater Treatment Trust Loan dated October 15, 2002, due in semi-annual installments through August 1, 2022, bearing no interest. The balance remaining as of December 31, 2017 is \$472,971.09.

\$9,148,515.00 New Jersey Wastewater Treatment Trust Loan dated May 25, 2017, due in semi-annual installments through August 1, 2046, bearing no interest. The balance remaining as of December 31, 2017 is \$8,942,930.40.

\$120,000 Green Trust Loan dated April 19, 2005, due in semi-annual installments through November 1, 2025, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2017 is \$51,730.40.

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

On September 20, 2000, the City of North Wildwood issued two series of General Improvement Bonds payable to the United States Department of Agriculture. The first, Series 2000A, was issued in the amount of \$698,000 with an interest rate of 4.50%. Principal and interest on this series are to be paid semiannually on March 20 and September 20 in the amount of \$21,317.00 for fifty-nine (59) equal payments, with all outstanding principal and all accrued and unpaid interest due on September 20, 2030. Payment of principal and interest commenced on March 20, 2001. The balance remaining at December 31, 2017, is \$415,786.52.

The second of these two issues, Series 2000B, was issued in the amount of \$85,400 with an interest rate of 4.50%. Principal and interest on this series are to be paid semiannually on March 20 and September 20 in the amount of \$2,609.00 for fifty-nine (59) equal payments, with all outstanding principal and all accrued and unpaid interest due on September 20, 2030. Payment of principal and interest commenced on March 20, 2001. The balance remaining at December 31, 2017, is \$50,827.34.

On November 18, 2004, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2004A, were issued in the amount of \$574,025.00 with an interest rate of 4.50%. Principal and interest on the bonds are to be paid semiannually on May 18 and November 18 in the amount of \$15,539.00 for seventy-nine (79) equal payments, with all outstanding principal and all accrued and unpaid interest due on November 18, 2044. Payment of principal and interest commenced May 18, 2005. The balance remaining at December 31, 2017, is \$482,634.18.

On February 8, 2005, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2005A, were issued in the amount of \$918,000.00 with an interest rate of 4.50%. Principal and interest on the bonds are to be paid semiannually on August 8 and February 8 in the amount of \$28,036.00 for fifty-nine (59) equal payments, with all outstanding principal and all accrued and unpaid interest due on February 8, 2035. Payment of principal and interest commenced August 8, 2005. The balance remaining at December 31, 2017, is \$673,870.37.

On March 10, 2011, the City of North Wildwood issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2012A, were issued in the amount of \$3,895,000.00 with an interest rate of 4.00%. Principal and interest on the bonds are to be paid semiannually on September 10 and March 10 in the amount of \$98,038.00 for seventy-nine (79) equal payments, with all outstanding principal and all accrued and unpaid interest due on March 10, 2050. Payment of principal and interest commenced September 10, 2012. The balance remaining at December 31, 2017, is \$3,547,461.78.

On October 25, 2011, the City issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2011A, were issued in the amount of \$4,572,000.00 with an interest rate of 3.75%. Principal and interest on the bonds are to be paid semiannually on April 25 and October 25 in the amount of \$110,826.00 for eighty (80) equal payments, with all outstanding principal and all accrued and unpaid interest due on October 25, 2051. Payment of principal and interest commenced in 2012. The balance remaining at December 31, 2017, is \$4,237,662.06.

On March 11, 2015, the City issued General Improvement Bonds payable to the United States Department of Agriculture. These bonds, Series 2015A, were issued in the amount of \$2,238,000.00 with an interest rate of 2.25%. Principal and interest on the bonds are to be paid semiannually on March 11 and September 11 in the amount of \$42,590.00 for eighty (80) equal payments, with all outstanding principal and all accrued and unpaid interest due on September 11, 2055. Payment of principal and interest commenced in 2015. The balance remaining at December 31, 2017, is \$2,149,164.85.

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

<u>Year</u>	<u>General Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2018	3,115,000.00	695,715.00
2019	2,585,000.00	580,825.00
2020	2,590,000.00	482,375.00
2021	2,620,000.00	389,975.00
2022-2026	5,360,000.00	1,029,100.00
2027-2031	635,000.00	506,637.50
2032-2036	745,000.00	403,256.28
2037-2041	875,000.00	271,687.52
2042-2046	1,030,000.00	110,775.00
	<u>\$ 19,555,000.00</u>	<u>4,470,346.30</u>

(Amortization schedule is not provided for U.S.D.A. Bonds Payable, due to calculation of interest on a daily basis. Therefore, they are excluded from the above schedule).

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	410,745.19	1,002.47
2019	410,382.05	872.63
2020	409,857.20	740.18
2021	409,170.67	605.08
2022-2026	1,659,938.48	1,014.11
2027-2031	1,541,884.50	-
2032-2036	1,541,884.50	-
2037-2041	1,541,884.50	-
2042-2046	1,541,884.80	
	<u>9,467,631.89</u>	<u>4,234.47</u>

As of December 31, 2017 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$910,089.99.

<u>Summary of Municipal Debt</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
Serial Bonds Payable	\$ 14,780,000.00	\$ 17,680,000.00	\$ 20,520,000.00
Notes Payable	21,605,000.00	14,670,000.00	9,610,000.00
NJEIT Bonds Payable	4,775,000.00	815,000.00	995,000.00
NJEIT Loans Payable	9,415,901.49	565,757.68	658,544.27
U.S.D.A. Loans Payable	11,557,407.10	11,767,189.89	11,969,294.24
Green Trust Loans Payable	51,730.40	58,062.64	64,270.10
Total Issued	<u>62,185,038.99</u>	<u>45,556,010.21</u>	<u>43,817,108.61</u>
<u>Less :</u>			
Funds Temporarily Held to Pay Bonds and Notes			
General	\$ 1,400,751.78	\$ 3,040,870.75	\$ 1,201,792.78
Total Deductions :	<u>1,400,751.78</u>	<u>3,040,870.75</u>	<u>1,201,792.78</u>
Net Debt Issued :	<u>60,784,287.21</u>	<u>42,515,139.46</u>	<u>42,615,315.83</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	\$ 610,025.00	\$ 20,810,000.00	\$ 13,103,638.17
Total Authorized But Not Issued	<u>610,025.00</u>	<u>20,810,000.00</u>	<u>13,103,638.17</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 61,394,312.21</u>	<u>\$ 63,325,139.46</u>	<u>\$ 55,718,954.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.433%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 365,000.00	365,000.00	-
General Debt	62,795,063.99	1,400,751.78	61,394,312.21
	<u>\$ 63,160,063.99</u>	<u>\$ 1,765,751.78</u>	<u>\$ 61,394,312.21</u>

Net Debt \$63,160,063.99 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,569,447,308.33 = 2.389%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	89,930,656.00
Net Debt		61,394,312.21
Remaining Borrowing Power	\$	<u>28,536,343.79</u>

The City of North Wildwood School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in the current fund for the year ending December 31, 2018 and 2017 were as follows:

		<u>2018</u>	<u>2017</u>
Current Fund	\$	3,000,000.00	3,000,000.00

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2017	2018 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	\$ 180,000.00	60,000.00	120,000.00
	<u>180,000.00</u>	<u>60,000.00</u>	<u>120,000.00</u>

NOTE 10: SCHOOL TAXES

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

	<u>12/31/2017</u>	<u>12/31/2016</u>
Balance of Tax	\$ 1,032,050.48	\$ 966,466.50
Deferred	2,479,787.50	2,479,787.50
Tax Payable	<u>\$ 3,511,837.98</u>	<u>\$ 3,446,254.00</u>

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NOTE 11: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/17	Balance 12/31/16
Prepaid Taxes	\$ 1,790,719.54	\$ 843,815.69
Cash Liability for Taxes Collected in Advance	<u>\$ 1,790,719.54</u>	<u>\$ 843,815.69</u>

NOTE 12: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

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Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.31% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2017, 2016, and 2015 were \$361,353.00, \$347,119.00, and \$333,310.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 22.69% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2017, 2016, and 2015 were \$743,344.00, \$643,734.00, and \$644,877.00.

The total payroll for the year ended December 31, 2017, 2016 and 2015 was \$8,247,079.57, \$7,934,104.44, and \$8,125,345.24. Payroll covered by PFRS was \$2,984,518.00, \$2,836,551.00, and \$2,905,725.00. Payroll covered by PERS was \$2,888,626.00, \$2,608,532.00, and \$2,738,529.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the years ended December 31, 2017, 2016, and 2015 was \$18,500.00, \$20,000.00, and \$20,000.00. The City's trust for the Lifeguard Pension at December 31, 2017 was \$244,244.16. Currently there are eleven individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2017, 2016 and 2015 were \$48,798.60, \$61,439.87, and \$46,710.46.

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Significant Legislation

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

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three-year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2013.

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

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

NOTE 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality’s pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized. GASB statement 68 requires that the June 30, 2017 actuarial valuation be used for this disclosure, but as of the date of this report the 2017 actuarial valuations are not yet available from the Division of Pensions. The Division of Local Government Services has stated that disclosing the 2016 valuation is in compliance with the Regulatory Basis of Accounting described in Note 1.

The following represents the municipality’s pension liabilities as June 30, 2016:

Public Employees’ Retirement System

The Municipality has a liability of \$12,046,839.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality’s proportion of the net pension liability was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality’s proportion would be 0.040675237500%, which would be an increase of 0.74% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$1,162,424.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 224,035.00	-
Changes of assumptions	2,495,462.00	-
Changes in proportion	60,847.00	(7,018.00)
Net difference between projected and actual earnings on pension plan investments	459,357.00	-
Total	\$ 3,239,701.00	(7,018.00)

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

Year ended June 30,		
2017	\$	731,576.32
2018		731,576.32
2019		836,342.02
2020		699,878.94
2021		233,309.41
Total	\$	<u>3,232,683.00</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

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In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 14,436,976.94	12,046,839.00	10,075,691.57

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$17,415,755.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.09116975240%, which would be an increase of 15.12% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$2,062,389.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		(114,163.00)
Changes of assumptions	\$ 2,412,225.00	
Changes in proportion	1,420,637.00	(407,397.00)
Net difference between projected and actual earnings on pension plan investments	1,220,287.00	
Total	<u>\$ 5,053,149.00</u>	<u>(521,560.00)</u>

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

Year ended June 30,		
2016	\$	1,095,795.90
2017		1,095,795.90
2018		1,454,444.78
2019		852,046.24
2020		33,506.19
Total	\$	<u><u>4,531,589.00</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 22,139,895.41	17,415,755.00	13,565,049.88

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.09116975240% for 2016. The net pension liability amount allocated to the Municipality was \$1,462,491.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$186,795.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

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NOTE 14: POST-RETIREMENT BENEFITS

Plan Description The City of North Wildwood contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at to:

<http://www.state.nj.us/treasury/pensions/shbp.htm>

Plan Coverage The entity currently has 3 collective bargaining units as well as several non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

Firemen's Benevolent Association of New Jersey No. 56 – Individuals who retired with at least 25 years of service to the entity receive hospitalization, major medical coverage, prescription, and Delta Dental coverage for the employee, spouse, and dependents up to the age of 26 that were in effect at the time of retirement. Retirements benefits are only good for 2 years after they retire. Firefighters are entitled to receive benefits through the City until he/she obtains other employment with comparable coverage or until the employee becomes eligible for Medicare, whichever one comes first.

Policemen Benevolent Association Wildwood Local 59 – Depending upon the employee's date of hire, he/she shall be entitled to receive health care benefits provided by the City at the expense of the City of North Wildwood for one of the following periods:

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

For employees hired between June 28, 2011 and December 31, 2015: For a period of fifteen (15) consecutive years. The fifteen (15) year period may commence immediately upon an employee's retirement. In the alternative, at the time of retirement, an employee may waive retiree group health coverage and retain his/her right to enroll at a later date for an alternative full fifteen (15) consecutive year period, provided that the employee is covered through other health insurance as either an employee through other employment or as a dependent of the employee's spouse/civil union partner. In the event the "other coverage" is lost, the employee must re-enroll within 60 days of the loss of coverage or the employee forfeits the ability to enroll in the health care program.

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

Effective 1/1/12, individuals with at least 25 years of service to the entity receive hospitalization, major medical coverage, prescription, and Delta Dental coverage for the employee, spouse, and dependents up to the age of 26 that were in effect at the time of retirement. Officers are entitled to receive benefits through the City until he/she obtains other employment with comparable coverage or until the employee becomes eligible for Medicare, which ever one comes first.

United Public Service Employees Union – Individuals with at least 25 years of service to the entity receive hospitalization, major medical coverage, prescription, and Delta Dental coverage for the employee, spouse, and dependents up to the age of 26 that were in effect at the time of retirement. Retirements benefits are only good for 3 years after they retire. Employees are entitled to receive benefits through the City until he/she obtains other employment with comparable coverage or until the employee becomes eligible for Medicare, which ever one comes first.

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

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City of North Wildwood on a monthly basis. The rates charged by the system for the year ended December 31, 2017 vary according to the type of coverage selected by the retiree and range from \$1,329.89 to \$3,298.13 monthly per retiree.

The City of North Wildwood contributions to SHBP for post-retirement benefits for the year ended December 31, 2017, 2016, and 2015 were \$639,084.09, \$576,184.80, and \$543,226.20, respectively, which equaled the required contribution for the year.

NOTE 15: ACCRUED SICK AND VACATION BENEFITS

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$687,081.56 in 2017 and \$737,233.63 in 2016. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the entity's policy to negotiate the final amount of each payment of accrued sick, comp time, and vacation pay on an individual basis. The final amount of the settlement for sick time cannot exceed the cap amount established by each Union contract even though more may be accrued. The amount shown above represents the total number of days of unpaid compensation taking the cap amount for sick time into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

NOTE 16: ECONOMIC DEPENDENCY

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

NOTE 17: RISK MANAGEMENT

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

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2017 and 2016 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$500,000 under JIF, which increases to \$4,500,000 under MEL.

NOTE 18: DEFERRED COMPENSATION

Employees of the City of North Wildwood may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator. In the opinion of the entity's legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Plan is administered by the following service organizations:

- Mass Mutual
- Great-West Retirement Services
- Nationwide Retirement Solutions

NOTE 19: CONTINGENT LIABILITIES

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

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2017, the following inter-funds were included on the balance sheets of the various funds of the City of North Wildwood:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 228.00	-
Trust Operating - Other	29,094.73	-
Trust Operating -POAA	-	-
Trust Assessment	105.18	-
Grant Fund	-	356,964.49
Grant Fund:		
Current Fund	356,964.49	-
General Capital Fund	4,636.03	-
Trust Fund - Body Armor	-	-
Trust Fund - Hereford	4,878.98	-
Trust Fund - Recreation	-	-
Assessment Trust Fund:		
Current Fund	-	105.18
Trust Fund:		
Current - Animal Control Fund	-	228.00
Current - Trust Other Fund	-	29,094.73
Current - POAA	-	-
Grant - Federal & State	-	4,878.98
General Capital Fund:		
Grant Fund	-	4,636.03
	\$ 395,907.41	395,907.41

The amount due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The amount due to the Grant Fund from the Recreation Trust Fund is due to a Federal grant being partially funded by the Recreation Trust Fund. The remaining inter-funds are due to amounts that should have been transferred to the proper bank accounts.

NOTE 21: RESERVE FOR STATE TAX APPEALS

As a result of the significant increase in the City's total assessed valuation due to the 2006 revaluation of city-wide property tax assessments, a reserve for state tax appeals was established in the amount of \$272,740.80 at December 31, 2006. Due to additional appeals filed in 2007, the balance was adjusted to \$350,000 at December 31, 2007.

In January 2008, the City was ordered to refund \$270,000 to a property owner as a result of a tax court judgment. Payment was made to the owner in February 2008, reducing the balance in the reserve for state tax appeals by that amount. The balance in the Reserve for State Tax Appeals at December 31, 2017 is \$80,000.00.

NOTE 22: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

During the 2005 calendar year, the voters of the City of North Wildwood approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City appropriated \$40,000.00 and \$45,000.00 in 2017 and 2016 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City subject only to the claims of the City's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 23: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 6, 2018, the date which the financial statements were available to be issued and identified no events requiring disclosure.

APPENDIX C

Form of Approving Legal Opinion of Bond Counsel

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_____, 2018

City Council of the
City of North Wildwood, in the
County of Cape May, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of North Wildwood, in the County of Cape May, New Jersey (the "City") in connection with the issuance by the City of \$14,970,000 General Improvement Bonds, Series 2018 (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the City adopted July 3, 2018 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the City, and the City has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the City continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the City in the Certificate, it is our opinion that, under existing law, interest on the Bonds are excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds are not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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