

OFFICIAL STATEMENT DATED OCTOBER 12, 2017

NEW ISSUE

Ratings: (See "RATINGS" herein)

In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the City of Wildwood (the "City") with certain covenants described herein, under current law, interest on the Bonds and the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of computing the federal alternative minimum tax; however, interest on the Bonds and the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds and the Notes in "adjusted current earnings". No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds and the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Bonds and the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$14,855,000

CITY OF WILDWOOD

IN THE COUNTY OF CAPE MAY, NEW JERSEY

GENERAL OBLIGATION BONDS, SERIES 2017

(BOOK-ENTRY ONLY) (CALLABLE)

consisting of:

\$7,006,000 General Improvement Bonds

\$6,268,000 Water Utility Bonds

\$1,581,000 Sewer Utility Bonds

\$10,246,000

CITY OF WILDWOOD

IN THE COUNTY OF CAPE MAY, NEW JERSEY

BOND ANTICIPATION NOTES, SERIES 2017

(NON-CALLABLE)

consisting of:

\$2,476,800 General Improvement Bond Anticipation Notes

\$6,149,000 Water Utility Bond Anticipation Notes

\$1,620,200 Sewer Utility Bond Anticipation Notes

Dated: Date of Delivery

Due: September 15, as shown on the inside front cover

Dated: Date of Delivery

Due: October 19, 2018

The \$14,855,000 General Obligation Bonds, Series 2017, consisting of \$7,006,000 General Improvement Bonds (the "General Improvement Bonds"), \$6,268,000 Water Utility Bonds (the "Water Utility Bonds"), and \$1,581,000 Sewer Utility Bonds (the "Sewer Utility Bonds" and, collectively with the General Improvement Bonds and the Water Utility Bonds, the "Bonds") of the City of Wildwood in the County of Cape May, New Jersey (the "City"), are valid and legally binding general obligations of the City and, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable real property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The \$10,246,000 Bond Anticipation Notes, Series 2017, consisting of \$2,476,800 General Improvement Bond Anticipation Notes (the "General Improvement Notes"), \$6,149,000 Water Utility Bond Anticipation Notes (the "Water Utility Notes"), and \$1,620,200 Sewer Utility Bond Anticipation Notes (the "Sewer Utility Notes" and, collectively with the General Improvement Notes and the Water Utility Notes, the "Notes") are also general obligations of the City, payable from ad valorem taxes levied upon all the taxable property within the City for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein.

The Bonds and the Notes will be issued as fully-registered bonds and notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Bonds and the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Beneficial Owners of the Bonds and the Notes will not receive certificates representing their interests in the Bonds and the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Bonds and the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Principal of the Bonds is payable on September 15 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable initially on March 15, 2018 and semiannually thereafter on September 15 and March 15 of each year until maturity or earlier redemption. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the City directly to DTC or its nominee, Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 1 and September 1 (the "Record Dates" for the payment of interest on the Bonds). Principal of and interest on the Notes will be payable by the City or a duly designated paying agent at the date of maturity. The Notes will bear interest at the rate per annum indicated on the inside front cover, commencing from their date of delivery. Interest on the Notes will be payable at maturity. While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are subject to redemption prior to their stated maturities and the Notes are not subject to redemption prior to their stated maturities as described herein. See "REDEMPTION" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Bonds and the Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey; Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its Counsel, Mary D'Arcy Bittner, Esq., Wildwood, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor in connection with the Bonds and the Notes. The Bonds and the Notes are expected to be available for delivery in definitive form through DTC in New York, New York on or about October 20, 2017.



\$14,855,000
CITY OF WILDWOOD
IN THE COUNTY OF CAPE MAY, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2017

consisting of:
\$7,006,000 General Improvement Bonds
\$6,268,000 Water Utility Bonds
\$1,581,000 Sewer Utility Bonds

MATURITIES, AMOUNTS, INTEREST RATES, YIELD AND CUSIP

<u>Year</u>	<u>General Improvement</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Aggregate Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2018	\$255,000	\$181,000	\$69,000	\$505,000	2.00%	0.98%	968206SN3
2019	255,000	181,000	69,000	505,000	3.00	1.05	968206SP8
2020	255,000	181,000	69,000	505,000	4.00	1.18	968206SQ6
2021	257,000	295,000	138,000	690,000	5.00	1.29	968206SR4
2022	464,000	300,000	111,000	875,000	5.00	1.45	968206SS2
2023	480,000	305,000	115,000	900,000	5.00	1.57	968206ST0
2024	485,000	305,000	115,000	905,000	5.00	1.71	968206SU7
2025	495,000	310,000	120,000	925,000	5.00	1.86	968206SV5
2026	505,000	320,000	120,000	945,000	4.00	2.00**	968206SW3
2027	510,000	330,000	125,000	965,000	4.00	2.14**	968206SX1
2028	510,000	335,000	130,000	975,000	4.00	2.24**	968206SY9
2029	510,000	345,000	130,000	985,000	4.00	2.37**	968206SZ6
2030	510,000	360,000	135,000	1,005,000	3.00	2.85**	968206TA0
2031	505,000	360,000	135,000	1,000,000	3.00	2.90**	968206TB8
2032	505,000	360,000	-	865,000	3.00	2.95**	968206TC6
2033	505,000	360,000	-	865,000	3.00	3.00	968206TD4
2034	-	360,000	-	360,000	3.00	3.05	968206TE2
2035	-	360,000	-	360,000	3.00	3.08	968206TF9
2036	-	360,000	-	360,000	3.00	3.10	968206TG7
2037	-	360,000	-	360,000	3.00	3.15	968206TH5

\$10,246,000
BOND ANTICIPATION NOTES, SERIES 2017
consisting of:
\$2,476,800 General Improvement Bond Anticipation Notes
\$6,149,000 Water Utility Bond Anticipation Notes
\$1,620,200 Sewer Utility Bond Anticipation Notes

INTEREST RATE: 2.25% YIELD: 1.00% CUSIP*: 968206TJ1

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein 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 holders of the Bonds and the Notes only at the time of issuance of the Bonds and the Notes and the City does not make any representation 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 specific maturity is subject to being changed after the issuance of the Bonds or the Notes as a result of 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 or the Notes.

** Priced to the September 15, 2025 optional call date.

**CITY OF WILDWOOD
MUNICIPAL BUILDING
4400 NEW JERSEY AVENUE
WILDWOOD, NEW JERSEY 08260**

Mayor

Ernest Troiano, Jr.

Board of Commissioners

Ernest Troiano, Jr.
Anthony Leonetti
Peter J. Byron

Administrator

Christopher Fox

City Clerk

Christopher H. Wood

Chief Financial Officer

Jeanette J. Powers

City Solicitor

Mary D'Arcy Bittner, Esquire

City Auditor

Ford, Scott & Associates, LLC
Ocean City, New Jersey

Bond Counsel

DeCotiis, FitzPatrick, Cole & Giblin, LLP
Teaneck, 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 and the Notes 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 Underwriters 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.

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 and the Notes 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 or the Underwriters.

TABLE OF CONTENTS

INTRODUCTION	1
THE BONDS	1
General Description.....	1
AUTHORIZATION AND PURPOSE OF THE BONDS	2
THE NOTES	3
General Description.....	3
AUTHORIZATION AND PURPOSE OF THE NOTES	3
BOOK-ENTRY ONLY SYSTEM.....	4
General	4
Discontinuation of Book-Entry Only System.....	6
REDEMPTION.....	7
Bonds.....	7
Notice of Redemption of Bonds	7
Notes.....	7
SECURITY AND SOURCE OF PAYMENT	8
General	8
THE CITY	8
General Information	8
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	8
Local Bond Law (N.J.S.A. 40A:2-1 et seq.)	8
Debt Limits.....	8
Exceptions to Debt Limits - Extension of Credit	9
Short-Term Financing	9
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)	9
Miscellaneous Revenues	9
Real Estate Taxes	10
Deferral of Current Expenses	10
Budget Transfers	10
Operations of Utilities	10
Capital Budget.....	11
Appropriation and Tax Levy "CAPS"	11
Fiscal Year Adjustment Law	12
State Supervision.....	12
Tax Assessment and Collection Procedure	12
Tax Appeals.....	13
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)	13
SECONDARY MARKET DISCLOSURE.....	13
Bonds.....	13
Notes.....	14
LITIGATION.....	14
TAX MATTERS.....	14
RATINGS	16
UNDERWRITERS	17
Bonds.....	17
Notes.....	17

MUNICIPAL ADVISOR.....	17
MUNICIPAL BANKRUPTCY	17
APPROVAL OF LEGAL PROCEEDINGS.....	18
PREPARATION OF OFFICIAL STATEMENT	18
ADDITIONAL INFORMATION.....	18
MISCELLANEOUS	19

APPENDIX A	GENERAL INFORMATION REGARDING THE CITY OF WILDWOOD
APPENDIX B	FINANCIAL STATEMENTS OF THE CITY OF WILDWOOD
APPENDIX C	FORM OF LEGAL OPINION FOR THE BONDS
APPENDIX D	FORM OF LEGAL OPINION FOR THE NOTES
APPENDIX E	FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS
APPENDIX F	FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

**OFFICIAL STATEMENT
Relating to**

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

\$14,855,000 GENERAL OBLIGATION BONDS, SERIES 2017
consisting of:
\$7,006,000 General Improvement Bonds
\$6,268,000 Water Utility Bonds
\$1,581,000 Sewer Utility Bonds

and

\$10,246,000 BOND ANTICIPATION NOTES, SERIES 2017
consisting of:
\$2,476,800 General Improvement Bond Anticipation Notes
\$6,149,000 Water Utility Bond Anticipation Notes
\$1,620,200 Sewer Utility Bond Anticipation Notes

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the City of Wildwood in the County of Cape May, New Jersey (the "City"), in connection with the sale and the issuance of (i) \$14,855,000 General Obligation Bonds, Series 2017, consisting of \$7,006,000 General Improvement Bonds (the "General Improvement Bonds"), \$6,268,000 Water Utility Bonds (the "Water Utility Bonds"), and \$1,581,000 Sewer Utility Bonds (the "Sewer Utility Bonds" and, collectively with the General Improvement Bonds and the Water Utility Bonds, the "Bonds") and (ii) \$10,246,000 Bond Anticipation Notes, Series 2017, consisting of \$2,476,800 General Improvement Bond Anticipation Notes (the "General Improvement Notes"), \$6,149,000 Water Utility Bond Anticipation Notes (the "Water Utility Notes"), and \$1,620,200 Sewer Utility Bond Anticipation Notes (the "Sewer Utility Notes" and, collectively with the General Improvement Notes and the Water Utility Notes, the "Notes"). This Official Statement has been executed by and on behalf of the City by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds and the Notes.

THE BONDS

General Description

The Bonds are dated their date of delivery, will mature on the dates and in the amounts and will bear interest payable semiannually, all as set forth on the inside front cover page hereof. The Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books 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.

Principal of the Bonds is payable on September 15 in each of the years set forth on the inside front cover hereof. Interest on the Bonds is payable initially on March 15, 2018 and semiannually

thereafter on September 15 and March 15 of each year until maturity or earlier redemption. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the City directly to DTC or its nominee, Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding September 1 and March 1 (the "Record Dates" for the payment of interest on the Bonds).

AUTHORIZATION AND PURPOSE OF THE BONDS

The City is authorized to issue the Bonds pursuant to the Local Bond Law, N.J.S.A. 40A: 2-1 et seq., as amended and supplemented (the "Local Bond Law"), and by virtue of various bond ordinances adopted by the Board of Commissioners, as described in the following table, and published in accordance with the requirements of the Local Bond Law, and by a resolution adopted by the Board of Commissioners on September 27, 2017.

The Bonds are being issued to provide funds to: (i) refund, on a current basis, \$16,165,000 of the City's bond anticipation notes issued in the aggregate principal amount of \$17,561,000, dated October 21, 2016 and maturing October 20, 2017 (the "Prior Notes"); and (ii) pay costs and expenses incidental to the issuance and delivery of the Bonds. The remaining portion of the Prior Notes will be paid by a budget appropriation or other available funds.

A. General Improvement Bonds:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Prior Notes</u>	<u>Amount of Prior Notes to be Refunded</u>
841-11	Flood Abatement Program, adopted February 23, 2011	\$950,000	\$830,000	\$830,000
954-13	Remediation of Soil/Groundwater, adopted March 13, 2013	34,200	33,000	31,800
959-13	Road/Boardwalk Improvements, adopted April 10, 2013	95,000	88,014	84,276
964-13	Various Capital Improvements, adopted May 8, 2013	528,300	484,832	441,625
995-14, as amended by 1013-14	Various Capital Improvements, adopted March 12, 2014 and September 10, 2014	1,847,400	1,845,498	1,733,829
1011-14	Various Capital Improvements, adopted September 10, 2014	754,000	724,781	672,595
1040-15, as amended by 1058-16	Various Capital Improvements, adopted September 2, 2015 and August 10, 2016	904,000	903,956	903,956
1047-16	Road Reconstruction, adopted March 23, 2016	2,578,000	2,575,800	2,575,800
1057-16	Various Capital Improvements, adopted June 22, 2016	459,500	426,119	426,119
	Total:	\$8,150,400	\$7,912,000	\$7,700,000

B. Water Utility Bonds:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Prior Notes</u>	<u>Amount of Prior Notes to be Refunded</u>
830-10, as amended by 899-12	Water Main Replacement, adopted November 10, 2010 and March 14, 2012	\$5,000,000	\$1,990,000	\$1,990,000
1048-16, as amended by 1082-17	Various Water Improvements, adopted March 23, 2016 and July 12, 2017	5,532,000	4,714,000	4,714,000
	Total:	\$10,532,000	\$6,704,000	\$6,704,000

C. Sewer Utility Bonds:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Prior Notes</u>	<u>Amount of Prior Notes to be Refunded</u>
997-14	Various Sewer Improvements, adopted March 14, 2014	\$250,000	\$250,000	\$237,000
1015-14	Lake Avenue Sewer Improvements, adopted November 12, 2014	147,000	147,000	147,000
1039-15	Road Reconstruction, adopted September 2, 2015	1,643,000	1,643,000	555,000
1049-16	Various Sewer Improvements, adopted March 23, 2016	1,402,900	822,000	822,000
	Total:	\$3,442,900	\$2,862,000	\$1,761,000

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery, and will mature on the date and in the amount shown on the front and inside front cover pages hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the inside front cover page hereof.

The Notes may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and the records of DTC.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and are being issued pursuant to the Local Bond Law and the bond ordinances set forth below, each duly and finally adopted by the Board of Commissioners and published in accordance with the requirements of the Local Bond Law.

The Notes are being issued to provide funds to: (i) finance the various purposes and improvements described in the bond ordinances set forth below; and (ii) pay costs and expenses incidental to the issuance and delivery of the Notes.

A. General Improvement Notes:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Notes to be Issued</u>
1079-17	Pacific Avenue Stormwater Improvements, adopted July 12, 2017	\$1,166,042	\$1,166,000
1083-17	Improvements to Recreational Facilities and Parks, adopted July 12, 2017	630,000	80,000
1084-17	Various Capital Improvements, adopted July 12, 2017	1,230,950	1,230,800
Total:		\$3,026,992	\$2,476,800

B. Water Utility Notes:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Notes to be Issued</u>
1050-16	Water System Upgrades, adopted March 23, 2016	\$2,110,000	\$99,300
1080-17	Flood Remediation, adopted July 12, 2017	1,165,000	1,165,000
1048-16, as amended by 1082-17	Construction of Water Utility Building, adopted March 23, 2016 and July 12, 2017	5,532,000	413,800
1085-17	Various Water Improvements, adopted July 12, 2017	4,470,900	4,470,900
Total:		\$13,277,900	\$6,149,000

C. Sewer Utility Notes:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Notes to be Issued</u>
1081-17	Flood Remediation, adopted July 12, 2017	\$839,000	\$839,000
1086-17	Various Sewer Improvements, adopted July 12, 2017	781,200	781,200
Total:		\$1,620,200	\$1,620,200

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds and the Notes, payment of principal and interest and other payments on the Bonds and the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain

information furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds and the Notes. The Bonds and the Notes 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 certificate will be issued for each maturity of each series of the Bonds and the Notes, each 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 Standard & Poor's 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 Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond or Note ("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 and the Notes 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 and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by 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 Bonds and Notes with DTC and their 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 and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are 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. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond or Note documents. Beneficial Owners of the Bonds and the Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes, 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 Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and the Notes 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 agent, 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 nor its nominee, agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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.

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 and the Notes at any time, the City will attempt to locate another qualified Securities Depository. If the City fails to find such 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.

In the event that the book-entry only system for the Bonds and the Notes is discontinued, the City has provided that upon receipt of the Bond and Note certificates from DTC and the Participant information, the City will authenticate (or cause to be authenticated) and deliver definitive Bonds and Notes to the holders thereof, and the principal of and interest on the Bonds and the Notes will be payable and the Bonds and the Notes may thereafter be transferred or exchanged in the manner described in the Bond certificates so provided.

REDEMPTION

Bonds

The Bonds of this issue maturing prior to September 15, 2026 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after September 15, 2026 are redeemable at the option of the City in whole or in part on any date on or after September 15, 2025 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption of Bonds

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered 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. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. 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, such Bonds 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.

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.

Notes

The Notes are not subject to redemption prior to maturity.

SECURITY AND SOURCE OF PAYMENT

General

The Bonds and the Notes are valid and legally binding general obligations of the City, and the City has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds and the Notes. Unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes to be levied upon all the taxable real property within the City without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Bonds and the Notes may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

THE CITY

General Information

The City is located in the County of Cape May, New Jersey. The governing body of the City consists of three (3) Commissioners. A Mayor is appointed from among the Commissioners. Each Commissioner is elected for a four-year term and is responsible for his/her department which is supervised by either statutory employees or supervisors.

For more information regarding the City including the tax base, please see "Appendix A: General Information Regarding the City of Wildwood" and "Appendix B: Financial Statements of the City of Wildwood."

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 by counties and municipalities ("local units" or, individually, "local unit") 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 annual installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the local unit are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the local unit 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.

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 has not exceeded its statutory debt limit. See "Appendix A: General Information Regarding the City of Wildwood."

Exceptions to Debt Limits - Extension of Credit

Municipalities may exceed their debt limits 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 local unit 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 local unit or substantially reduce the ability of the local unit 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 local unit 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).

Short-Term Financing

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. A local unit's bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year's legally payable installment of the bonds in anticipation of which those notes are issued is paid and retired on or before each anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

The 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.

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.

Miscellaneous Revenues

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 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.

Real Estate Taxes

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 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 the close of that year. The budget also must provide for any cash deficits of the prior year.

Deferral of Current Expenses

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 preparations, drainage map preparation for flood control purposes, expenses of a municipal consolidation commission, contractually required severance liabilities and sanitary or storm system map preparation 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, and emergency appropriations for other purposes may be funded by refunding bond ordinance over a period approved by the Local Finance Board.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Operations of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in

the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be funded from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Capital Budget

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.

Appropriation and Tax Levy "CAPS"

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. 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 years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2%.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy cap sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45.44-46) in 2010 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the

voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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.

Fiscal Year Adjustment Law

Chapter 75 of the Pamphlet Laws of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the state fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six-month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because state aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the Act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one-time deficit for the six-month transition budget. The Act provides that the deficit in the six-month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six-month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one year unless the Local Finance Board permits the municipality to renew them for a further period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the Act is to assist municipalities that are heavily dependent on state aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the Act does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well. The City has not changed its fiscal year.

State Supervision

State law authorizes state officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two successive years; which has a deficit greater than 4 percent of its tax levy for two successive years; which has failed to make payments due and owing to the state, county, school district or special district for two consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds 25 percent of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

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.

Upon the filing of certified adopted budgets by the municipality's local school district, fire district and the county, the tax rate is struck by 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, 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 for calendar-year municipalities are generally mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal 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 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest 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

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, a municipality 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 Tax Board on or before April 1 for review. The County Board of Taxation has the authority, after a hearing, to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. 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 report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire Annual Report for the City is on file with the City Clerk and is available for review during normal business hours.

SECONDARY MARKET DISCLOSURE

Bonds

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City as set forth in "APPENDIX E - Form of Continuing Disclosure Certificate for the Bonds." These covenants have been made to assist the Underwriter in complying with Rule 15c2-12.

Notes

The City has covenanted for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events as set forth in “APPENDIX F - Form of Continuing Disclosure Certificate for the Notes.” These covenants have been made to assist the Underwriter in complying with Rule 15c2-12.

During the five year period immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule 15c2-12, in a timely manner, under previous filing requirements, operating data for the fiscal year ended December 31, 2012. Additionally, the City acknowledges that it previously failed to file event notices and late filing notices in connection with its filings of: (i) operating data for the fiscal year ended December 31, 2012; and (ii) certain bond insurer rating changes in 2013 and 2014. Such notices of events and late filings have been filed with MSRB’s Electronic Municipal Market Access Dataport (“EMMA”). The City appointed Phoenix Advisors, LLC, Bordentown, New Jersey in August of 2014 to serve as continuing disclosure agent.

LITIGATION

To the knowledge of the attorney for the City, Mary D’Arcy Bittner, Esq., 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 and the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds and the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds and the Notes 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. Moreover, to the knowledge of the City Attorney and except as set forth in Appendix A under the section entitled “PENDING LITIGATION”, 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 Underwriters of the Bonds and the Notes at the closing.

TAX MATTERS

The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds and the Notes under the Internal Revenue Code of 1986, as amended (“Code”). Failure to comply with certain requirements of the Code could cause interest on the Bonds and the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and the Notes. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds and the Notes, assuming continuing compliance by the City with certain covenants described herein, under current law, interest on the Bonds and the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, interest on the Bonds and the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds and the Notes in "adjusted current earnings" (see discussion below). No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds and the Notes.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds and the Notes in order to assure that the interest on the Bonds and the Notes will be and remain excludable from gross income for federal income tax purposes. These requirements

include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds and the Notes be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and the Notes to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The City has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds and the Notes will be and will remain excluded from gross income for federal income tax purposes. The City will deliver its Arbitrage and Tax Certificates concurrently with the issuance of the Bonds and the Notes, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the City. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Bonds and the Notes, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law, interest on the Bonds and the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds and the Notes.

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of seventy-five percent of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Bonds and the Notes is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax.

Bank Qualification. The Bonds and the Notes 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.

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds and the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on

tax-exempt bonds and notes, such as the Bonds and the Notes, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Bonds and the Notes should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of each of the Bonds and the Notes should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service (“IRS”) has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds and the Notes involving either the Bonds and the Notes or other tax-exempt bonds or notes will not have an adverse effect on the tax-exempt status or market price of the Bonds and the Notes.

ALL POTENTIAL PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

RATINGS

The City has requested ratings for the Bonds and the Notes from S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC (the “Rating Agency”). The Rating Agency has assigned its rating of “AA-/stable” to the Bonds and a short-term rating of “SP-1+” to the Notes.

The inclusion of the Rating Agency’s “stable outlook” (the “Outlook”) has been provided herein for informational purposes only and is not a part of the “Rating” described in the preceding paragraph. The Outlook is only the Rating Agency's forward-looking view of the City. The City has no obligation to treat any change in the Outlook as a “Disclosure Event”, as defined and described under the Rule or under the provisions of the City’s Continuing Disclosure Certificate, or to notify Bondholders as to any changes to the Outlook after the date hereof.

An explanation of the significance of such credit ratings may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. There is no assurance that such credit ratings will continue for any period of time or that such ratings will not be revised or withdrawn. Any such revision or withdrawal of such credit ratings may have an adverse affect on the market price of the Bonds and the Notes. Neither the City nor the Underwriter have undertaken or will undertake any responsibility to bring to the attention of the owners of the Bonds and the Notes any proposed change or withdrawal of such credit ratings or to oppose any such proposed revision.

UNDERWRITERS

Bonds

The Bonds have been purchased from the City at a public sale by Janney Montgomery Scott LLC, Philadelphia, Pennsylvania (the "Bonds Underwriter") at a purchase price of \$16,170,376.26 (the "Bonds Purchase Price"). The Bonds Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds Purchase Price reflects a par amount of the Bonds of \$14,855,000.00 plus a bid premium of \$1,315,376.26. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement, which yields may be changed from time to time by the Bonds Underwriter without notice.

Notes

The Notes have been purchased from the City at a public sale by Oppenheimer & Co., Inc., Philadelphia, Pennsylvania (the "Notes Underwriter" and together with the Bonds Underwriter, the "Underwriters") at a price of \$10,357,071.00 (the "Notes Purchase Price"). The Notes Purchase Price reflects a par amount of \$10,246,000 plus a bid premium of \$111,071.00.

The Underwriters intend to offer the Bonds and the Notes 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 Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds and the Notes to the public. The Underwriters may offer and sell the Bonds and the Notes to certain dealers (including dealers depositing the Bonds and the Notes into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey served as municipal advisor to the City (the "Municipal Advisor") with respect to the issuance of the Bonds and the Notes. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the City and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 94-260, approved April 8, 1976, the Bankruptcy Reform Act of 1978, effective October 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994 and other bankruptcy laws affecting creditor's rights and local political subdivisions in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, 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 this 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.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and the Notes are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, Bond Counsel to the City, whose approving legal opinions will be delivered with the Bonds and the Notes substantially in the forms set forth as Appendices C and D, respectively. Certain legal matters will be passed on for the City by the City Attorney, Mary D'Arcy Bittner, Esq., 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 to the purchasers of the Bonds and the Notes, by a certificate signed by the Chief Financial Officer, that to her knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Bond Counsel has not 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 information additional to that contained herein, may be directed to Jeanette J. Powers, Chief Financial Officer, City of Wildwood, Municipal Building, 4400 New Jersey Avenue, Wildwood, New Jersey 08260, (609) 846-2013 or to Anthony P. Inverso, Senior Managing Director, Phoenix Advisors, LLC, 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 of holders of any of the Bonds and the Notes. 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 Bonds and the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

By: /s/ Jeanette J. Powers

**JEANETTE J. POWERS
CHIEF FINANCIAL OFFICER**

Dated: October 12, 2017

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APPENDIX A

**GENERAL INFORMATION REGARDING THE
CITY OF WILDWOOD**

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INFORMATION REGARDING THE CITY¹

The following material presents certain economic and demographic information of the City of Wildwood (the “City”), in the County of Cape May (the “County”), State of New Jersey (the “State”).

General Information

The City covers an area of 1.2 square miles along the southern New Jersey coast on land identified as “Five Mile Beach”. It shares this “Beach” with the Borough of Wildwood Crest, the Borough of West Wildwood, the City of North Wildwood, and a portion of Lower Township. The City is located in Cape May County, approximately 35 miles south of Atlantic City and eight miles north of Cape May City.

The City was incorporated on January 1, 1912. From 1912 to 1982, the City had a commission form of government. In 1983 the government changed to the mayor-council form. In 1995 by voter referendum, the City reverted back to the commission form of government.

The City government operates under the Walsh Act and consists of three Commissioners. Among the Commissioners a Mayor is appointed. Each of the Commissioners is elected for a four-year term and is responsible for his department which is supervised by either statutory employees or supervisors.

The present members of the Board of Commissioners are as follows:

Members	Title	Term Expires
Ernest Troiano, Jr.	Mayor	December 2019
Peter J. Byron	Commissioner	December 2019
Anthony Leonetti	Commissioner	December 2019

Mayor Troiano is in charge of the Department of Public Works and Public Property, the City Water Utility and the City Sewer Utility. Commissioner Leonetti is in charge of the Department of Public Safety and Public Affairs. Commissioner Byron is in charge of the Department of Revenue and Finance.

Mayor Troiano has served as Mayor of the City from May 2003 through December 2009 and again beginning May 2011 to the present. Prior to that, Mayor Troiano served as a commissioner from 1999 through 2003. He is the owner of Troiano & Sons, a well-established concrete and mason contracting business. He is a 44-year volunteer firefighter and battalion chief. In addition, he has served as a founding member of the Wildwood Convention Committee and supervised the annual Fireman’s Convention for the last 41 years. He served on the Wildwood Board of Education prior to being elected as Commissioner.

The Chief Financial Officer, Jeanette J. Powers, has served as Chief Financial Officer of the City since February 2000. Ms. Powers is a certified public accountant and a registered municipal accountant. She was in public accounting prior to entering the government sector and has been in

¹ Source: The City, unless otherwise indicated.

various government positions for twenty-four years, including working for Cape May County as well as international and local accounting firms. Among her other duties, the chief financial officer has been appointed to prepare and administer the annual budget.

The City was developed as a seashore resort community. The City boasts the largest free beaches on the eastern shore. There are many family entertainment events and recreational values (i.e. fishing and boating). The City has major amusement piers, hotels, shopping opportunities, restaurants and a convention center. The proximity to major urban areas (New York Metro-Philadelphia-Washington D.C.) has helped to develop the City into a tourism destination. There is island-wide transportation provided by NJ Transit and Holly Beach Trolley Cars.

The year-round seafood industry has discovered the City where clams, crabs and fish are harvested for seafood processors.

The City is in a transitional period, both in terms of its economic sector and its residential sector. Historically, the City was viewed as one New Jersey's premiere family seashore resorts.

The real estate boom of the late 1990s and early 2000s has had a tremendous impact on the City's housing stock and tourist industry. The relatively inexpensive price of real estate, and historically low interest rates combined to make City a very attractive setting for the second home and income investment markets. The City's real-estate base skyrocketed and many of the fifties style rooming houses have been replaced with modern, attractive condo units for both private ownership and vacation rental.

The vacation industry is the second largest economic sector in New Jersey, depending on the year, and accounts for about a half-million jobs. The County, which attracts 50 million visitors annually, employs about 35,000 people a year in the tourism trade. Last year the travel and leisure industry in the County generated \$16 billion or 41 percent of the State's tourism revenue. The County revenue ranks second only to Atlantic City among Garden State destinations. To assist the City with its growing tourist economy, the State of New Jersey has designated the City as an Urban Enterprise Zone. This designation is designed to encourage redevelopment and provide financial assistance and incentives for economic redevelopment projects. Perhaps more significantly, the State has made a considerable financial investment in the City in the form of the State-funded, \$70 million Convention Center, which is owned and operated by the New Jersey Sports & Exposition Authority, and has now successfully operated for fifteen years, attracting thousands of visitors for hundreds of events every year. Significantly, a substantial increase in the number and quality of hotel rooms and an expansion of parking for the facility was required to support the Convention Center, which has attracted several large nationally known hotel-motel developers.

Unlike municipalities with multiple industries, the City's economy is mostly based on tourism. The effects of a limited economy on the City have created challenges for the City's policymakers. To address these challenges, the City's policymakers have commissioned numerous planning and economic development studies. These efforts confirmed the need for the City to update its offerings and to expand its tourist calendar from the current seasonal focus to a year-round basis. Recommendations included improvements to the lodging, restaurant, entertainment (nightlife), retail and other sectors to satisfy the needs of visitors and compete with other destinations.

The City also carried out local planning analyses, and the City, among other activities, undertook an extensive process to update its Municipal Master Plan in 2002, 2004 and in 2007, and to amend its Land Development Ordinance in January 2005, May 2005, July 2005, and April 2008. A Master Plan reexamination is planned for 2017.

Amid difficult economic times, the City has made every effort to limit additional hiring, aggressively negotiate current contracts, and continue to use temporary staff whenever possible to accommodate the seasonality of the community without jeopardizing services and public safety.

The City has aggressively sought grants to replace its aging infrastructure. Some examples of this extensive revitalization include agreements with the Urban Enterprise Zone and U.S. Department of Agriculture to rebuild sections of the City boardwalk and the Boardwalk/Bike Path Connector. The Wildwood Crest Bike Path and the North Wildwood Bike Path are now connected with the Wildwood Boardwalk. Whenever possible, the City negotiates shared services agreements with our neighboring communities to help offset costs and eliminate duplicate services.

The City Boardwalk Reconstruction Phase I & II has had tremendous effects on private investments. Major private investments include the Morey Organization, Jersey Girl Drinks & Dining, Q Fire Grille (Brazilian Steakhouse), Kona Outlet, Boardwalk's Best, Shore Plaza Motel, Walgreen's, Capt'n Jack's Boardwalk Eatery, Joe's Fish Company, The Ghost Ship, Stewarts Root Beer, The Mirror Maze, Laser Tag Destination, The Wave Surf Ride and Bar, Poppi's Restaurant, Lazy Eye Distillery, and three (3) new miniature golf courses. These additions have created new jobs in construction and permanent jobs related to the new businesses.

Police Department

On a year-round basis, the department consists of a Director of Public Safety, one chief, two captains, six lieutenants, five sergeants and 24 police officers. In addition, a corps of approximately 60 patrolmen augment the force during the summer tourist season. At any given time, there are 6 individuals assigned as detectives. The department operates a centralized 911 dispatch communication center for all emergency services housed in police headquarters staffed by 8 dispatchers.

The police headquarters is located in a separate section of the City Hall building complex.

Fire Protection and Rescue Services

Fire protection in the City is provided by a combination fire department consisting of a municipal career division and a volunteer division. The career staff consists of a fire chief, deputy fire chief, four fire captains and 12 firefighters, one fire official and one fire inspector. The municipal division is responsible for all initial responses to fire calls as well as providing automatic-aid to two neighboring municipalities. The municipal division is also responsible for emergency medical services (BLS Ambulance), Rescue Services and Fire Inspection duties. During the spring through fall months, the municipal division employs an additional 20 seasonal firefighters/EMTs in order to staff a second BLS ambulance and to augment the initial response to fire incidents. All municipal division fire fighters are trained as firefighters and also trained in water rescue, extrication, rope rescue, confined space and hazardous materials. All firefighters are also certified and licensed fire inspectors by the State Division of Fire Safety.

The volunteer division is comprised of two companies, each dating back over 100 years in existence and service to the community. Each volunteer company is permitted to have 35 members by ordinance. Currently, there are a total of 39 members between both companies, ten of whom are trained to respond to fire incidents.

Operating expenses and purchases of firefighting apparatus and equipment are paid by the City. The municipal division firefighters are stationed at the Fire Headquarters located within the City Hall complex and house a quint, an engine, a rescue company along with two BLS ambulances. The two volunteer firefighting stations are located in the northern and southern ends of the City along with a variety of firefighting equipment, including a 95' mid-mount aerial platform.

Emergency Medical Services

The municipal division is responsible for providing basic life support and transportation of sick and injured persons. All municipal division firefighters are trained and licensed by the State Department of Health as Emergency Medical Technicians (EMT). Additionally, the fire department has pre-determined landing sites within City limits in the event a critical patient requires aero-medical transport to trauma facilities. Helicopter service is readily available through hospitals throughout the State.

Cape Regional Memorial Center is located approximately 8 miles from the City.

Recreation

The City has approximately 1.2 miles of sandy beach, which is fully protected during the summer season by a force of fifty lifeguards and two emergency medical technicians under the supervision of a beach supervisor (chief), a captain and five lieutenants. Beach patrol operations and personnel are certified by the South Jersey Lifeguard Chiefs' association in compliance with the laws and regulations of the State of New Jersey.

A recreation director is employed on a full-time basis to direct sports programs for the youth and social programs for various citizen groups. Located throughout the City is a baseball field, a softball field, a soccer field, an outdoor basketball court, a football field, a shuffleboard court, a bocce court, six (6) tennis courts, a 18,128 square foot Community Center with a full length basketball court, fitness room, computer room, dance hall and meeting room, and City-owned playgrounds.

The Wildwood Convention Center is available for sporting events, concerts, social events and conventions. The hall is a large, modern facility located on the Boardwalk and is operated by the New Jersey Sports and Exposition Authority.

The City hosts many annual events and festivals, most notably, the annual Block Party featuring all day free entertainment, vendors and contests. Other annual events include the International Kite Festival, the National Marbles Tournament, New Jersey State Crabfest, Philadelphia Soul Summer Slam, Ultimate Frisbee Tournament, Roar to the Shore, the State Firemen's Convention, Olde Time Italian Festival, Seafood Festival, Boardwalk Car Shows, and Monster Truck Races. Every weekend throughout the summer, free concerts are offered on the

Andrews Avenue Beach Stage or at Fox Park. Organizations throughout the area sponsor marathons, walks, motorcycle and bicycle events and various parades throughout the spring, summer and fall.

Utilities

The City, through its Water Utility, provides drinking (potable) water for consumption and fire protection through its water supply, transmission and distribution system to resident and commercial users located within its municipal boundaries and, in accordance with agreements to supply water, to residents and commercial users of the City of North Wildwood, the Borough of West Wildwood, the Borough of Wildwood Crest, the Diamond Beach section of Lower Township and the Green Creek and Rio Grande sections of Middle Township (collectively, the “Non-Jurisdictional Customers”). The Water Utility also provides water on a wholesale basis to New Jersey American Water Co. Inc. The Water Utility is subject to regulation pursuant to the provisions of the County and Municipal Water Supply Act (N.J.S.A. 40A:31-1, et seq., the “Water Supply Act”).

The Water Utility serves approximately 17,000 customers, of which approximately 12,000 customers, or 72%, are Non-Jurisdictional Customers. The Water Utility is also subject to the jurisdiction of the New Jersey Board of Public Utilities (“BPU”) in accordance with the provisions of the Water Supply Act with respect to rates charged and services provided to the Non-Jurisdictional Customers. A 2006 change to New Jersey State Law provides that the Water Utility is no longer subject to the BPU control for rates, so long as they are consistent between Jurisdictional and Non-Jurisdictional Customers.

The Current Water Allocation Permit permits the Wildwood Water Utility to divert 1.8 Billion Gallons per Year, 313.1 Million Gallons per Month for use by customers. Currently, the Wildwood Water Utility diverts approximately 1.3 Billion Gallons per year allowing 500 Million Gallons per year for additional growth. The population served by the Wildwood Water Utility is approximately 18,000 during the winter months and approximately 250,000 during the summer tourism season.

All of the sewage generated by the City is treated by the Cape May County Municipal Utilities Authority at their treatment facility located at South Rio Grande, New Jersey. The City Sewer Department is responsible for the cleaning and maintaining of the City sewer and storm water collection systems.

Public Works

The City Department of Public Works consists of 9 divisions (2 seasonal divisions). Their responsibilities are as follows:

Street Maintenance Division – This division consists of fifteen employees. The division cleans all streets in the City with a street sweeper. Two small trucks sweep between cars and pull grass from the curbs and streets. They remove any trash or debris in the street that may cause a hazard. The division is also responsible for emptying all street trash cans within the City. The division also assists in snow removal and cleaning up after major storm events.

Construction Division – This division consists of five employees. The division’s responsibilities include the maintenance and repair of all carpentry work on City buildings, reconstruction of buildings and comfort station facilities, maintenance of the City’s two miles of

boardwalk, boardwalk railings and ramps and construct the benches on the boardwalk. The Division is also responsible to set up for events including the Kite Festival, Marble Tournaments and Fox Park.

Environmental Maintenance Division – This division consists of six employees. The division is responsible for maintaining the City’s 240 acres of beach. This includes raking the beach and emptying the trash containers daily. The Division is also responsible for snow plowing and cleaning up after major storm events. The City’s summer events require the division to prepare the areas for the events on the beach, such as assembling bleachers, grading and building tracks and removing same after each event.

Building Maintenance Division – This division consists of three employees. The division is responsible for the cleaning and maintenance of all City buildings. This includes vacuuming, and minor repairs to the facilities. The division is also responsible for maintaining the postage machine and the delivery of mail to all City departments.

Traffic Safety Division – This division consists of three employees. The division is responsible for painting lines throughout the streets of the City. The division also makes and assembles all street signs in the City. The division also sets up for parades and assembles barricades for flood prone areas within the City.

Parking Meter Division – This division consists of two seasonal employees. The division is responsible for meter collection, repairs to meters, installation and removal of meters and maintains an inventory of the meters. The division also performs reconciliations of all meter deposits and makes regular deposits.

Transportation

The Garden State Parkway, a major north-south highway, is near the City and provides convenient access to Atlantic City and the Atlantic City Expressway for travel to Philadelphia. The Parkway also connects with the Cape May-Lewes Ferry service to Delaware. Daily bus service is available to Philadelphia and New York.

Building Permits Issued

The following is an analysis of the number of building permits issued in the City, which includes new construction and improvements:

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2016	672	\$7,395,269
2015	579	6,437,028
2014	516	4,972,856
2013	561	7,088,811
2012	545	6,150,929
2011	494	9,120,819
2010	490	4,834,967

Planning and Zoning Board

The City's Master Plan was last updated in 2007 and its Land Development Ordinance was last amended in April 2008.

City Employment and Pension Information

The City employs 176 full-time employees with the number of employees increasing by approximately 205 during the summer tourist season. Under State law, municipal employees have certain organization and representational rights, which include the right to organize and bargain collectively through representatives of their choosing and to engage in certain concerted activities for bargaining. Labor contracts for the Fraternal Order of Police and the Amalgamated Local 2327 (U.A.W.), which covers public works employees and clerical staff, both expire in December of 2018. The contract with Fireman's Mutual Benevolent Association expires in December of 2017. Negotiations with that group have begun. A comparative recap of the City's full-time workforce is set forth below:

City's Full-Time Workforce

Department	2017	2016	2015	2014	2013
Police	38	38	39	31	30
Fire	20	19	19	16	16
Public Works	43	43	44	43	47
All other Departments	50	47	41	47	36
Water Utility	25	25	27	26	25
Total	176	172	170	163	154

The two State administered pension funds are the Police and Firemen's Retirement System and the Public Employees' Retirement System. The Division of Pensions within the State Treasury Department is the administrator of the funds. This Division charges municipalities and other governmental units annually for their respective contributions. The City is current in all its pension payments to these funds.

The following table shows the City's pension contributions:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
PERS	\$708,744	\$655,454	\$624,450	\$682,860	\$629,379
Social Security	698,556	689,600	641,714	596,802	592,783
PFRS	1,138,068	1,019,141	1,023,266	1,133,272	1,107,515

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the City, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>City</u>				
2016	2,817	2,286	531	18.8%
2015	2,937	2,341	596	20.3%
2014	2,956	2,299	657	22.2%
2013	2,974	2,263	711	23.9%
2012	3,055	2,266	789	25.8%
<u>County</u>				
2016	47,219	42,585	4,634	9.8%
2015	48,896	43,589	5,307	10.9%
2014	48,802	42,811	5,991	12.3%
2013	48,998	42,024	6,974	14.2%
2012	49,734	42,048	7,686	15.5%
<u>State</u>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2010)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$32,783	\$54,292	\$69,811
Median Family Income	45,125	69,978	84,904
Per Capita Income	25,118	33,571	34,858

Source: US Bureau of the Census 2010

Population

The following tables summarize population increases and the decreases for the City, the County, and the State.

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2010	5,325	-2.04	97,265	-4.95	8,791,894	4.49
2000	5,436	21.23	102,326	7.61	8,414,350	8.85
1990	4,484	-8.73	95,089	15.59	7,730,188	4.96
1980	4,913	19.54	82,266	38.14	7,365,001	2.75
1970	4,110	-12.37	59,554	22.65	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the City and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2017 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Bolero Corporation	\$8,334,600	0.59%
The Morey Organization	7,749,400	0.55%
SAMAX, Inc.	5,699,000	0.40%
Calmsea Properties, LLC	5,420,000	0.38%
AMGC Corp.	5,384,600	0.38%
Wild Waves, LLC	4,963,800	0.35%
2701 Associates, LLC	4,434,100	0.31%
Boardwalk Arcade @ Weiner	4,350,000	0.31%
Schwartz, Martin & Phyllis	4,300,300	0.30%
Midtown Properties, LLC	<u>4,166,200</u>	<u>0.30%</u>
Total	<u>\$54,802,000</u>	<u>3.89%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Largest County Employers²

The total number of persons employed in the County in 2016 was 43,100. The twenty largest employers in the County, as of 2016, include the following:

<u>Name</u>	<u>Number of Employees</u>
Morey Organization	1,674
Woodbine Developmental Center	1,275
U.S. Coast Guard	1,272
Cape Regional Medical Center	1,269
County of Cape May	1,012
City of Ocean City	957
Acme Markets	817
Wawa	705
Shoprite	440
Middle Township Board of Education	429
Lower Township Board of Education	416
Delaware River and Bay Authority	402
City of Cape May	362
Lower Cape May Regional School District	360
Super Fresh	355
Lobster House	350
City of Wildwood	345
City of Sea Isle City	343
City of North Wildwood	334
Windrift	332

Source: NJ Department of Labor

Education

The Board of Education of the City of Wildwood (the “Board of Education”) operates independently of the City government. It is a Type II School District with its nine members being elected for staggered three-year terms and provides education for grades Pre-K to 12.

The Board of Education prepares its own budget which is reviewed and approved by the New Jersey Department of Education. The tax levy is certified directly to the County Board of Taxation of Cape May County and the tax rate is struck accordingly. Beginning with the 2012-2013 budget, the Board of Education approved to eliminate a public vote on the school budget, this was in large part because of recent legislation capping general tax levy increases at 2%.

The school district operates on a July 1 to June 30 fiscal year and taxes are levied on a calendar year basis and paid to the school district by December 31.

² Includes seasonal employees

Enrollment totals are as follows:

<u>October</u>	<u>Enrollment</u>	<u>Change</u>
2007	788	-1.1%
2008	778	-1.3%
2009	846	8.7%
2010	837	-1.1%
2011	854	2.0%
2012	846	-0.9%
2013	852	0.7%
2014	840	-1.4%
2015	869	3.5%
2016	850	-2.2%

The school district is a receiving district for high school students from North Wildwood, Wildwood Crest and West Wildwood. Tuition revenue totaled \$1,507,076 for the year ended June 30, 2016 and \$1,900,191 for the year ended June 30, 2015.

The Board of Education has no voter referendum scheduled to authorize long term financing. Cape May County offers a vocational school to all students desirous of attending provides an opportunity for higher education at Atlantic Cape Community College and pays partial tuition for students who attend out-of-county community colleges.

Since 1951, all school districts of the State of New Jersey must be audited by a licensed Public School Accountant who is either a Certified Public Accountant or Registered Municipal Accountant of New Jersey, or both. The New Jersey State Board of Certified Public Accountants regulates the Public School Accountant and issues the annual licenses. The annual audit must be filed with the Board of Education and the Commissioner of Education of the State of New Jersey by December 5th.

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2016	\$33,499,999	\$33,412,245	99.74%
2015	33,004,609	32,790,815	99.35%
2014	32,670,098	32,529,646	99.57%
2013	31,138,282	30,660,649	98.47%
2012	30,958,552	30,585,657	98.80%

Source: Annual Audit Reports of the City

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2016	\$139,162	\$1,950	\$141,112	0.42%
2015	119,044	16,304	135,348	0.41%
2014	110,836	14,365	125,201	0.38%
2013	98,360	39	98,399	0.32%
2012	82,744	5,438	88,182	0.28%

Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2016	\$620,100
2015	620,100
2014	620,100
2013	620,100
2012	620,100

Source: Annual Audit Reports of the City

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for City residents for the past five (5) years.

<u>Year</u>	<u>Local</u>			<u>Total</u>
	<u>Municipal</u>	<u>School</u>	<u>County</u>	
2017	\$1.348	\$0.767	\$0.261	\$2.376
2016	1.299	0.765	0.260	2.324
2015	1.274	0.753	0.260	2.287
2014R	1.273	0.730	0.257	2.260
2013	1.103	0.633	0.235	1.971

R: Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2017	\$1,409,414,900	\$1,410,737,994	99.91%	\$794,204	\$1,411,532,198
2016	1,412,218,600	1,420,171,561	99.44	2,033,669	1,422,205,230
2015	1,414,477,900	1,416,602,804	99.85	2,047,767	1,418,650,571
2014R	1,417,122,100	1,440,603,843	98.37	1,987,158	1,442,591,001
2013	1,539,287,300	1,443,172,042	106.66	2,264,166	1,445,436,208

R: Revaluation

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the City for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2017	\$31,548,500	\$900,545,000	\$0	\$421,183,600	\$3,671,900	\$52,465,900	\$1,409,414,900
2016	31,899,100	899,171,800	0	424,153,300	3,671,900	53,322,500	1,412,218,600
2015	33,666,700	896,282,300	0	426,247,300	3,671,900	54,609,700	1,414,477,900
2014R	31,833,600	898,052,600	0	427,936,900	3,671,900	55,627,100	1,417,122,100
2013	44,094,600	970,622,800	0	454,416,000	4,349,700	65,804,200	1,539,287,300

R: Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the City’s Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fund Balance Utilized	\$1,002,000	\$975,950	\$1,848,950	\$1,975,000	\$2,204,000
Miscellaneous Revenues	5,856,776	6,133,510	6,728,175	7,553,158	6,543,571
Receipts from Delinquent Taxes	69,000	19,000	25,000	30,000	33,259
Amount to be Raised by Taxation	<u>17,000,980</u>	<u>18,052,322</u>	<u>18,032,219</u>	<u>18,370,247</u>	<u>19,009,566</u>
Total Revenue:	<u>\$23,928,756</u>	<u>\$25,180,781</u>	<u>\$26,634,344</u>	<u>\$27,928,405</u>	<u>\$27,790,386</u>
<u>Appropriations</u>					
General Appropriations	\$17,523,149	\$19,362,812	\$20,590,930	\$21,134,510	\$21,928,948
Operations (Excluded from CAPS)	411,929	336,005	993,521	1,507,661	279,064
Deferred Charges and Statutory Expenditur	2,322,900	2,342,104	2,277,652	2,359,290	2,463,083
Judgments	0	0	0	90,000	0
Capital Improvement Fund	50,000	100,000	183,000	142,900	241,800
Municipal Debt Service	3,512,162	2,860,400	2,448,600	2,477,300	2,785,432
Reserve for Uncollected Taxes	<u>108,616</u>	<u>179,460</u>	<u>140,641</u>	<u>216,744</u>	<u>92,069</u>
Total Appropriations:	<u>\$23,928,756</u>	<u>\$25,180,781</u>	<u>\$26,634,344</u>	<u>\$27,928,405</u>	<u>\$27,790,396</u>

Source: Annual Adopted Budgets of the City

Fund Balance

Current Fund

The following table lists the City’s fund balance and the amount utilized in the succeeding year’s budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$2,727,750	\$2,204,000
2015	2,632,222	1,975,000
2014	2,110,844	1,848,950
2013	1,410,431	975,950
2012	1,521,565	1,002,000

Source: Annual Audit Reports of the City

Water Utility Operating Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Operating Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Water Utility Operating Fund</u>	
	<u>Balance</u> <u>12/31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2016	\$1,521,055	\$1,339,500
2015	1,287,077	302,505
2014	1,561,216	1,161,484
2013	1,671,595	318,000
2012	1,569,853	500,000

Source: Annual Audit Reports of the City

Sewer Utility Operating Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Operating Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Sewer Utility Operating Fund</u>	
	<u>Balance</u> <u>12/31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2016	\$1,001,315	\$0
2015	666,991	0
2014	352,348	0
2013	72,680	0
2012	10,476	0

Source: Annual Audit Reports of the City

City Indebtedness as of December 31, 2016

General Purpose Debt	
Serial Bonds	\$11,264,000
Bond Anticipation Notes	7,912,000
Bonds and Notes Authorized but Not Issued	381
Other Bonds, Notes and Loans	<u>580,506</u>
Total:	\$19,756,887
Local School District Debt	
Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$0
Self-Liquidating Debt	
Serial Bonds	\$11,487,000
Bond Anticipation Notes	9,566,000
Bonds and Notes Authorized but Not Issued	3,106,882
Other Bonds, Notes and Loans	<u>14,949,217</u>
Total:	\$39,109,099
TOTAL GROSS DEBT	<u>\$58,865,986</u>
Less: Statutory Deductions	
General Purpose Debt	\$51,380
Local School District Debt	0
Self-Liquidating Debt	<u>39,109,099</u>
Total:	\$39,160,478
TOTAL NET DEBT	<u>\$19,705,507</u>

Source: Annual Debt Statement of the City

Annual Debt Service

Year	General Fund		Water Utility		Sewer Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 1,995,481	\$ 389,822	\$ 985,216	\$ 448,184	\$ 255,768	\$ 313,904	\$ 4,388,375
2018	2,071,955	566,324	1,010,211	418,843	265,361	306,221	4,638,915
2019	2,150,601	436,526	1,050,180	388,446	275,116	298,183	4,599,052
2020	2,233,747	299,347	1,083,430	355,065	284,975	289,916	4,546,480
2021	2,323,605	155,068	1,118,259	320,074	290,142	281,221	4,488,369
2022-2026	831,642	80,913	5,298,325	1,060,800	1,608,838	1,262,908	10,143,426
2027-2031	55,087	46,603	2,475,458	256,430	1,276,061	1,006,573	5,116,212
2032-2036	68,370	33,320	669,793	121,759	1,231,382	822,625	2,947,249
2037-2041	84,859	16,831	296,930	78,678	1,458,497	613,752	2,549,547
2042-2046	29,159	1,379	347,663	38,950	1,732,298	362,325	2,511,774
2047-2051			191,015	9,039	1,217,261	115,945	1,533,260
2052-2055			103,816	2,436	380,222	15,781	502,255
Total	\$ 11,844,506	\$ 2,026,133	\$ 14,630,296	\$ 3,498,704	\$ 10,275,921	\$ 5,689,354	\$ 47,964,914

Source: Annual Audit Reports of the City

Overlapping Debt (as of December 31, 2016)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$0	100.00%	\$0
County	226,540,861	2.93%	<u>6,636,687</u>
Net Indirect Debt			\$6,636,687
Net Direct Debt			<u>19,705,507</u>
Total Net Direct and Indirect Debt			<u>\$26,342,195</u>

³ City percentage of County and authority debt is based on the City's share of total equalized valuation in the County.

Debt Limit

Average Equalized Valuation Basis (2014, 2015, 2016)	\$1,425,792,736
Permitted Debt Limitation (3 1/2%)	49,902,746
Less: Net Debt	<u>19,705,507</u>
Remaining Borrowing Power	<u>\$30,197,238</u>
Percentage of Net Debt to Average Equalized Valuation	1.382%
Gross Debt Per Capita based on 2010 population of 5,325	\$11,055
Net Debt Per Capita based on 2010 population of 5,325	\$3,701

Source: Annual Debt Statement of the City

PENDING LITIGATION

General

The City, its officers and employees are defendants in a number of lawsuits including, but not limited to, lawsuits arising out of alleged torts, alleged breaches of contract and alleged violations of civil rights.

Based upon the information available to date, it is not expected that the lawsuit described below will impair the City's ability to pay any judgment or settlement in an orderly manner, or to pay its bond or notes, since the likelihood is that, if the lawsuit is not successfully defended, payment of the judgment or settlement can be spread over multiple fiscal years. The City Attorney is unable to determine the probability of a successful defense to this lawsuit at this time.

Pending Litigation

The following information has been compiled as of September 25, 2017.

Michael L. McDonald and Point Break Group Management LLC v. City of Wildwood, docket No.: CPM-L-545-12. This is a breach of contract claim. The claim against the City is for \$6.8 million. The litigation was dismissed on summary judgment. However, the plaintiff has appealed the dismissal to the Appellate Division where the matter is pending.

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY OF WILDWOOD

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CITY OF WILDWOOD

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

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CITY OF WILDWOOD

TABLE OF CONTENTS

	Exhibit	Page
PART 1		
Independent Auditor's Report		1-2
CURRENT FUND		
Comparative Balance Sheet - Regulatory Basis	A	3-4
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1	5-6
Statement of Revenues - Regulatory Basis	A-2	7-10
Statement of Expenditures - Regulatory Basis	A-3	11-19
TRUST FUND		
Comparative Balance Sheet - Regulatory Basis	B	20
CAPITAL FUND		
Comparative Balance Sheet - Regulatory Basis	C	21
Schedule of Fund Balance - Regulatory Basis	C-1	22
WATER UTILITY FUND		
Comparative Balance Sheet - Regulatory Basis	D	23-24
Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	D-1	25
Statement of Capital Fund Balance - Statutory Basis	D-2	26
Statement of Revenues - Regulatory Basis	D-3	27
Statement of Expenditures - Regulatory Basis	D-4	28
SEWER UTILITY FUND		
Comparative Balance Sheet - Regulatory Basis	E	29-30
Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	E-1	31
Statement of Capital Fund Balance - Statutory Basis	E-2	32
Statement of Revenues - Regulatory Basis	E-3	33
Statement of Expenditures - Regulatory Basis	E-4	34
GENERAL FIXED ASSET GROUP OF ACCOUNTS		
Statement of General Fixed Assets - Regulatory Basis	G	35
NOTES TO FINANCIAL STATEMENTS		36-69

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CITY OF WILDWOOD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Board of Commissioners
City of Wildwood, 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 Wildwood, as of December 31, 2016 and 2015, 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, 2016, 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 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 Wildwood as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, 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, 2016 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.

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

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

June 29, 2017

EXHIBIT A - CURRENT FUND

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

<u>Assets</u>	2016	2015
Regular Fund:		
Cash:		
Treasurer	\$ 6,136,473.88	\$ 5,774,469.50
Collector	18,170.17	44,342.75
Change Fund	925.00	925.00
Due from the State of New Jersey:		
Veterans' and Senior Citizens' Deductions	4,508.01	7,190.39
	6,160,077.06	5,826,927.64
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,950.36	16,304.06
Tax Title Liens Receivable	139,162.46	119,043.50
Hazard Liens Receivable	240.00	660.00
Property Acquired / Assessed Valuation	620,100.00	620,100.00
Revenue Accounts Receivable	27,289.07	29,288.39
Deposits	3,200.00	3,200.00
NJSEA Mortgage Receivable	2,449,314.00	2,449,314.00
NJSEA Payment in Lieu of Tax Receivable	210,000.00	180,000.00
	3,451,255.89	3,417,909.95
Deferred Charges		
Special Emergency Authorizations	83,000.00	251,200.00
	83,000.00	251,200.00
	9,694,332.95	9,496,037.59
Federal and State Grant Fund:		
Cash	19,180.01	148,502.50
Federal and State Grants Receivable	1,643,859.78	799,864.38
	1,663,039.79	948,366.88
	\$ 11,357,372.74	\$ 10,444,404.47

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Appropriation Reserves	\$ 525,327.86	\$ 1,301,815.74
Encumbrances & Accounts Payable	1,255,118.34	690,059.77
Refunds Payable	3.00	1,379.32
Prepaid Taxes	1,012,533.91	880,311.63
Tax Overpayments	7,731.41	367.89
Special Emergency Notes Payable	83,000.00	251,200.00
Due County for Added and Omitted Taxes	5,637.06	3,082.25
Reserve for:		
Master Plan	1,959.70	1,959.70
Tax Map	3,725.63	32,142.82
Auctioneer/Auction Sale	240.17	240.17
Tax Appeals	60,269.14	60,269.14
Codification of Ordinance	12,208.13	12,208.13
Performance Deposit	354,603.12	167,414.37
Police Class II	2,800.00	-
Human Services	870.00	670.00
GWTIDA Fee	550.00	2,094.00
Reassessment	29,015.68	29,015.68
Insurance Proceeds	159,734.14	11,674.74
	<u>3,515,327.29</u>	<u>3,445,905.35</u>
 Reserves for Receivables	 3,451,255.89	 3,417,909.95
Fund Balance	<u>2,727,749.77</u>	<u>2,632,222.29</u>
	<u>9,694,332.95</u>	<u>9,496,037.59</u>
 Federal and State Grant Fund:		
Reserve for Encumbrances	414,329.45	237.50
Reserve for State Grants:		
Unappropriated Reserves	63,098.59	43,728.20
Appropriated Reserves	<u>1,185,611.75</u>	<u>904,401.18</u>
	<u>1,663,039.79</u>	<u>948,366.88</u>
	 <u>\$ 11,357,372.74</u>	 <u>\$ 10,444,404.47</u>

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

	2016	2015
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 1,975,000.00	\$ 1,848,950.00
Miscellaneous Revenues Anticipated	8,135,659.18	7,232,002.31
Receipts from Delinquent Taxes	33,090.29	55,167.43
Receipts from Current Taxes	33,410,826.62	32,780,815.15
Nonbudget Revenues	356,409.96	1,765,761.18
Other Credits to Income:		
Unexpended Balance of		
Appropriation Reserves	985,739.67	237,311.56
Statutory Excess-Animal Control Fund	306.00	234.00
Refunds Payable Cancelled	-	1,800.47
Accounts Payable Cancelled	8,907.91	1,119.68
Canceled Grants	19.50	2,735.00
	44,905,959.13	43,925,896.78
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,562,384.49	11,230,566.67
Other Expenses	9,138,290.88	9,360,022.50
Deferred Charges and		
Statutory Expenditures	2,173,577.35	2,109,452.49
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	749,198.30	576,580.00
Other Expenses	1,304,661.91	554,581.78
Capital Improvements	141,623.10	183,000.00
Debt Service	2,477,193.69	2,448,446.50
Deferred Charges	168,243.93	168,200.00
Judgments	63,270.23	
County Taxes Payable	3,644,481.11	3,662,361.58
County Share of Added and Omitted Taxes	5,637.06	3,082.25
Local District School Tax	10,814,900.00	10,655,593.00
Special District Tax	580,000.00	580,000.00
Prior Year Revenue Refunded	11,969.60	18,211.65
Canceled Grants	-	2,735.00
	42,835,431.65	41,552,833.42

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

	<u>2016</u>	<u>2015</u>
Excess/(Deficit) in Revenues	\$ 2,070,527.48	\$ 2,370,328.36
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	2,070,527.48	2,370,328.36
Fund Balance, January 1	<u>2,632,222.29</u>	<u>2,110,843.93</u>
Total	4,702,749.77	4,481,172.29
Decreased by:		
Utilization as Anticipated Revenue	<u>1,975,000.00</u>	<u>1,848,950.00</u>
Fund Balance, December 31	<u>\$ 2,727,749.77</u>	<u>\$ 2,632,222.29</u>

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,975,000.00	\$ -	\$ 1,975,000.00	-
<u>Miscellaneous Revenues:</u>				
Licenses-Alcoholic Beverages	131,000.00		133,210.00	2,210.00
Licenses-Other	381,000.00		329,618.60	(51,381.40)
Fees and Permits	485,000.00		484,930.59	(69.41)
Municipal Court	710,000.00		697,615.06	(12,384.94)
Interest and Costs on Taxes	114,000.00		117,345.46	3,345.46
Parking Meters	761,000.00		804,893.68	43,893.68
Interest on Investments	30,500.00		41,009.22	10,509.22
Public Property Rental	403,800.00		410,310.63	6,510.63
TV Cable Franchise Fee	43,971.18		43,971.18	-
In Lieu of Taxes	104,000.00		113,721.00	9,721.00
Ambulance Rescue Squad	361,000.00		381,328.81	20,328.81
Fees - Tram Car	92,625.00		105,514.46	12,889.46
1.85% Room Tax	247,200.00		273,815.61	26,615.61
GWTD Administrative Reimbursement	30,000.00		30,000.00	-
Energy Receipts Tax (P.L. 1997, Ch 162&167)	1,005,571.00		1,005,571.00	-
Shared Services Agreements:				
Tax Assessor	60,600.00		59,717.14	(882.86)
Emergency Medical Services	15,000.00		15,000.00	-
Municipal Court Services	19,500.00		19,500.00	-
Cops in School-WBOE	60,000.00		60,000.00	-
Police Dispatch	35,000.00		35,000.00	-
Uniform Fire Safety Act	52,850.04		45,628.18	(7,221.86)
Indirect Cost Allocation from Water Utility	478,960.28		478,960.28	-
Wildwood Water Utility - Rio Grande Avenue	10,862.00		10,862.00	-
Reserve for Payment of Notes	29,218.55		-	(29,218.55)
Water Utility Fund Balance	242,249.00		242,249.00	-
Municipal Event Support from GWTD	35,442.73		35,442.73	-
Beach Services Revenue	331,000.00		339,936.34	8,936.34
Boardwalk 4th of July	25,000.00		25,000.00	-
GWTD Event Support - Wildwood Block Party	7,500.00		-	(7,500.00)

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
(CONTINUED)**

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Additional Revenues Offset With Appropriations:				
Small Cities CDBG	\$ 400,000.00	\$ 410,000.00	\$ 810,000.00	-
Clean Communities Program	29,418.30		29,418.30	-
Alcohol Education and Rehabilitation Fund	1,473.33		1,473.33	-
Recycling Tonnage	15,722.80		15,722.80	-
WBID Community Policing		20,000.00	20,000.00	-
Body Armor Grant	3,783.57		3,783.57	-
COPS in Shops		6,200.00	6,200.00	-
COPS Hiring Recovery Program	750,000.00		750,000.00	-
GWTTDA - Municipal Event Support		100,000.00	100,000.00	-
Cooperative Housing Inspection Program	18,025.00		18,025.00	-
Drive Sober or Get Pulled Over		5,000.00	5,000.00	-
Buckle Up South Jersey/Click It or Ticket		5,000.00	5,000.00	-
Atlantic County Municipal JIF Safety Incentive FY 2015	2,650.00		2,650.00	-
Atlantic County Municipal JIF Wellness	1,500.00		1,500.00	-
Bulletproof Vest Partnership	7,235.21		7,235.21	-
Body Worn Camera Assistance Program	19,500.00		19,500.00	-
Total Miscellaneous	7,553,157.99	546,200.00	8,135,659.18	36,301.19
Receipts from Delinquent Taxes	30,000.00		33,090.29	3,090.29
Subtotal General Revenues	9,558,157.99	546,200.00	10,143,749.47	39,391.48
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	18,370,247.30		18,582,552.56	212,305.26
Budget Totals	27,928,405.29	546,200.00	28,726,302.03	251,696.74
Nonbudget Revenues			356,715.96	356,715.96
	\$ 27,928,405.29	\$ 546,200.00	\$ 29,083,017.99	\$ 608,412.70

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

Analysis of Realized Revenue:

Allocation of Current Tax Collections:

Revenue from Collections	\$	33,412,244.93
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		33,412,244.93
Allocated to:		
School, County and Other Taxes		15,045,018.17
Balance for Support of Municipal Budget Revenues		18,367,226.76
Add:		
Appropriation: "Reserve for Uncollected Taxes"		216,744.11
Amount for Support of Municipal Budget Appropriations	\$	18,583,970.87

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	16,770.43
Tax Title Lien Collections		11,627.11
	\$	28,397.54

**CURRENT FUND
 STATEMENT OF REVENUES
 REGULATORY BASIS
 (CONTINUED)**

Analysis of Realized Revenue: (Continued)

Miscellaneous Revenue Not Anticipated:

Fees for Returning Shopping Carts	\$	630.00
Photo Copies		281.30
Gasoline Services		45,086.34
Police (Off Duty) Administration Costs		9,959.55
Police-Miscellaneous		43,152.15
Senior Citizen and Veterans Administrative Fee		949.97
Restitution		3,794.00
Lot Cleaning		27,784.12
Statutory Excess - Animal Control Fund		306.00
Fire (Special Assignment) Administrative Fee		9,765.00
FEMA Reimbursement		62,951.05
Recycling Fees		5,090.50
Sale of Municipal Property		135,209.20
Health Insurance Reimbursement		2,635.09
Concert Ticket Sales		1,650.00
Emergency Communcation - West Wildwood		1,595.00
Miscellaneous		<u>5,876.69</u>

\$ 356,715.96

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY:						
Commissioner of Public Affairs and Public Safety	\$	\$	\$	\$	\$	\$
Salaries and Wages	40,100.00	39,464.17	39,464.17			
Other Expenses	3,000.00	3,000.00	2,643.13	356.87		
Prosecutor						
Salaries and Wages	1,000.00	951.07	942.31	0.00		8.76
Other Expenses	20,000.00	20,000.00	20,000.00			
Department of Law - Director's Office						
Salaries and Wages	187,550.00	186,090.00	184,653.74	0.00		1,436.26
Other Expenses	135,000.00	120,350.00	106,798.63	13,551.37		
Police						
Salaries and Wages	4,230,800.00	4,054,404.12	3,835,955.65	203,916.65		14,531.82
Seasonal Salaries and Wages	790,000.00	845,000.00	844,783.53		0.00	216.47
Other Expenses	165,000.00	293,357.41	247,582.63	45,774.78		
Purchase of Vehicles	1.00	79,296.88	79,295.88	1.00		
Lifeguards						
Salaries and Wages	443,000.00	440,976.85	440,730.85			246.00
Other Expenses	24,975.00	24,975.00	24,892.97	82.03		
Office of Emergency Management						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	2,800.00	4,395.00	4,050.00	345.00		
Traffic Marking						
Salaries and Wages	181,100.00	177,400.49	174,880.88	1,406.15		1,113.46
Other Expenses	65,215.00	65,215.00	65,061.18	153.82		
Municipal Fire Fighting						
Salaries and Wages	1,685,465.00	1,761,391.27	1,699,350.50	61,510.16		530.61
Other Expenses	114,250.00	114,250.00	114,047.24	202.76		
Volunteer Fire Fighting						
Other Expenses	10,400.00	10,400.00	10,400.00			
Parking						
Salaries and Wages	20,000.00	20,000.00	19,957.50			42.50
Other Expenses	54,000.00	54,000.00	53,921.02	78.98		

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>		<u>OVER EXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (Continued):						
State Fire Prevention Code	\$ 200,000.00	\$ 215,375.25	\$ 207,535.26	\$ 7,839.99		\$
Salaries and Wages			3,719.22	180.78		
Other Expenses	3,900.00					
Animal Control						
Other Expenses	51,000.00	51,000.00	51,000.00			
Municipal Court						
Salaries and Wages	298,900.00	294,351.74	289,160.88	2,867.96		2,322.90
Other Expenses	28,000.00	28,000.00	27,712.52	287.48		
Public Defender						
Other Expenses	17,900.00	21,550.00	21,550.00			
DEPARTMENT OF REVENUE AND FINANCE:						
Commissioner of Revenue and Finance						
Salaries and Wages	40,100.00	40,100.00	39,043.72		0.00	1,056.28
Other Expenses	3,000.00	3,000.00	987.23	2,012.77		
Municipal Administrator						
Salaries and Wages	55,250.00	50,250.00	44,067.10	0.00		6,182.90
Other Expenses	25,736.00	23,641.00	14,472.98	9,168.02		
Collection of Taxes						
Other Expenses	1.00	1.00		1.00		
City Clerk						
Salaries and Wages	201,700.00	200,800.00	197,596.45	2,788.36		415.19
Other Expenses	18,670.00	26,670.00	20,875.63	5,794.37		
Elections						
Other Expenses	2,000.00	2,000.00	1,705.71			294.29
Accounts and Control						
Salaries and Wages	264,100.00	264,100.00	255,865.22	4,703.88		3,530.90
Other Expenses	32,100.00	42,100.00	30,214.01	11,885.99		
Audit Service						
Other Expenses	58,900.00	58,900.00	58,900.00			

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF REVENUE AND FINANCE (Continued):						
Tax Assessment	\$ 105,900.00	\$ 105,900.00	\$ 103,771.86	\$	0.00	\$ 2,128.14
Salaries and Wages	35,800.00	46,800.00	46,118.77	681.23		
Other Expenses						
Revenue Collection	121,200.00	122,700.00	121,158.46		0.00	1,541.54
Salaries and Wages	16,880.00	16,880.00	12,949.83	3,930.17		
Other Expenses						
Beach Services	144,900.00	144,900.00	109,645.07	3,000.00		32,254.93
Salaries and Wages	67,700.00	67,700.00	66,155.85	1,544.15		
Other Expenses						
Purchasing	121,800.00	119,700.00	112,938.26	6,761.74		
Salaries and Wages	98,730.00	98,730.00	89,817.30	3,197.59		5,715.11
Other Expenses						
Redevelopment Agency	25,500.00	25,500.00	-			25,500.00
Other Expenses						
Economic Development	136,900.00	136,900.00	110,500.00			26,400.00
Other Expenses						
Insurance	380,000.00	390,600.00	365,967.41	12,000.00		12,632.59
General Liability	920,600.00	933,600.00	928,292.19	0.60		5,307.21
Worker's Compensation Insurance	3,882,501.00	3,680,196.75	3,591,934.73	22,216.54		66,045.48
Employee Group Health	2,100.00	4,100.00	2,757.88			1,342.12
Employee Group Opt-out Payments	50.00	50.00	50.00			
Surety Bonds						
Human Resources	137,300.00	135,800.00	130,602.23	2,156.79		3,040.98
Salaries and Wages	17,510.00	17,510.00	9,711.81	7,798.19		
Other Expenses						
Relocation Assistance	5,000.00	5,000.00	-			5,000.00
Other Expenses						

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>		<u>OVER EXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC WORKS, PARKS & PROPERTY:						
Commissioner of Public Works						
Salaries and Wages	\$ 96,100.00	\$ 94,100.00	\$ 69,660.28			\$ 24,439.72
Other Expenses	3,500.00	4,000.00	3,961.15	38.85		
Director of Public Works						
Salaries and Wages	166,400.00	167,900.00	164,204.36	2,632.69		1,062.95
Other Expenses	21,960.00	16,160.00	15,634.15	525.85		
Engineering Fees						
Other Expenses	113,000.00	113,000.00	113,000.00			
Building Maintenance						
Salaries and Wages	161,400.00	168,000.00	157,960.26	1,065.33		8,974.41
Other Expenses	89,720.00	93,720.00	91,376.98	2,343.02		
Boardwalk and Facility Construction						
Salaries and Wages	225,700.00	224,200.00	216,504.20		0.00	7,695.80
Other Expenses	16,380.00	14,180.00	12,945.89	1,234.11		
Special Events						
Other Expenses	58,350.00	58,350.00	54,798.33	3,551.67		
Parks						
Salaries and Wages	72,900.00	68,900.00	54,605.45	0.00		14,294.55
Other Expenses	27,000.00	23,000.00	22,934.83	65.17		
Recreation						
Salaries and Wages	349,700.00	349,200.00	303,070.39	1,217.96		44,911.65
Other Expenses	27,780.00	28,280.00	27,600.61	679.39		
Street Maintenance						
Salaries and Wages	781,800.00	805,800.00	769,401.16	2,909.98		33,488.86
Other Expenses	32,670.00	32,670.00	31,130.44	1,539.56		
Storm Recovery						
Other Expenses	18,100.00	18,100.00	8,000.00	10,100.00		

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS:"						
DEPARTMENT OF PUBLIC WORKS, PARKS & PROPERTY (Continued):						
Environmental Maintenance	\$	405,600.00	\$	375,000.00	\$	3,096.21
Salaries and Wages		19,260.00		20,661.00		272.83
Other Expenses						
Fleet Maintenance						
Salaries and Wages		126,400.00		114,149.16		0.00
Other Expenses		160,000.00		171,000.00		12,226.22
Sanitation/Trash Collection						
Other Expenses		531,400.00		532,400.00		
Tipping Fees						
Other Expenses		370,000.00		370,000.00		
Land Use Administration						
Salaries and Wages		57,400.00		55,383.14		0.00
Other Expenses		19,500.00		17,431.43		2,068.57
Property Inspectors						
Salaries and Wages		81,206.00		70,081.79		0.00
Other Expenses		4,500.00		1,165.15		3,334.85
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Other Expenses		36,500.00		36,500.00		
UNCLASSIFIED:						
Terminal Leave - Salaries and Wages						
Gasoline		61,000.00		61,000.00		
Water Service		298,400.00		289,682.80		8,717.20
Street Lighting		120,000.00		120,000.00		
Electricity		354,000.00		354,000.00		
Natural Gas		223,000.00		223,000.00		
Telephone		100,000.00		100,000.00		
Sewer Service		102,000.00		85,323.63		16,676.37
Postage		56,600.00		56,600.00		52.00
		45,000.00		42,196.52		0.00
						2,803.48
						36,500.00
						11,124.21
						13,274.86
						12,250.84
						2,016.86

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
Total Operations Within "CAPS"	\$ 21,134,510.00	\$ 21,132,350.00	\$ 20,188,130.37	\$ 512,545.00	0.00	\$ 431,674.63
Contingent						
Total Operations Incl. Contingent Within "CAPS"	21,134,510.00	21,132,350.00	20,188,130.37	512,545.00	0.00	431,674.63
Detail:						
Salaries and Wages	11,862,871.00	11,807,860.96	11,254,510.64	307,873.85	0.00	245,476.47
Other Expenses	9,271,639.00	9,324,489.04	8,933,619.73	204,671.15	-	186,198.16
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
Unpaid Prior Year Bills						
Enfosys Police Systems Inc., - OE 2013	3,098.00	3,098.00	-			3,098.00
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	490,570.00	490,570.00	489,898.60	0.00		671.40
Defined Contribution Retirement Plan	10,700.00	10,860.00	10,831.09			28.91
Social Security System (O.A.S.I.)	555,600.00	555,600.00	546,767.30			8,832.70
Police and Fire Retirement System	1,081,068.04	1,083,068.04	1,081,686.28	0.00		1,381.76
Unemployment Comp Ins.	50,010.00	50,010.00	44,394.08			5,615.92
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	2,191,046.04	2,193,206.04	2,173,577.35	0.00	-	19,628.69
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	23,325,556.04	23,325,556.04	22,361,707.72	512,545.00	0.00	451,303.32

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS EXCLUDED FROM "CAPS":						
Insurance	\$	\$	\$	\$	\$	\$
Employee Group Health	66,699.00	66,699.00	66,699.00			
Interlocal Municipal Service Agreements:						
Tax Assessor - North Wildwood	60,600.00	60,600.00	59,717.14	882.86		
Emergency Medical Services - West Wildwood	15,000.00	15,000.00	15,000.00			
Municipal Court Services - West Wildwood	19,500.00	19,500.00	19,500.00			
Cops in School-WBOE	60,000.00	60,000.00	60,000.00			
Police Dispatch - West Wildwood	35,000.00	35,000.00	35,000.00			
Public and Private Programs Offset by Revenues:						
Municipal Alliance Program						
Local Share	1,553.00	1,553.00	1,553.00			
Recycling Tonnage	15,722.80	15,722.80	15,722.80			
Body Armor Replacement Program	3,783.57	3,783.57	3,783.57			
Matching Funds for Grants	1.00	1.00				1.00
COPS in Shops - Summer Shore Initiative	-	6,200.00	6,200.00			
WBID Grant	-	20,000.00	20,000.00			
Small Cities CDBG	400,000.00	810,000.00	810,000.00			
Atlantic County Municipal Insurance Fund	2,650.00	2,650.00	2,650.00			
Alcohol Education, Rehabilitation Program	1,473.33	1,473.33	1,473.33			
GTWIDA Municipal Event Support	-	100,000.00	100,000.00			
Bulletproof Vest Partnership	7,235.21	7,235.21	7,235.21			
COPS Hiring Recovery Program	750,000.00	750,000.00	750,000.00			
Buckle Up South Jersey/Click It or Ticket	-	5,000.00	5,000.00			
Drive Sober or Get Pulled Over	-	5,000.00	5,000.00			
Cooperative Housing Inspection Program	18,025.00	18,025.00	18,025.00			
Clean Communities Program	29,418.30	29,418.30	29,418.30			
Atlantic County Municipal Insurance Fund - FY 2015	1,500.00	1,500.00	1,500.00			
Body Worn Camera Assistance Program	19,500.00	19,500.00	19,500.00			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,507,661.21	2,053,861.21	2,052,977.35	882.86	-	1.00
Detail:						
Salaries and Wages	751,597.30	749,198.30	749,198.30			
Other Expenses	756,063.91	1,304,662.91	1,303,779.05	882.86		

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$	562.50
Improvements to Ball Fields	21,000.00	21,000.00	20,437.50			714.40
Acquisition/Update of Parking Meters	10,000.00	10,000.00	9,285.60			
Demolition of Buildings	11,900.00	11,900.00	-	11,900.00		
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	142,900.00	142,900.00	129,723.10	11,900.00	-	1,276.90
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	1,860,000.00	1,860,000.00	1,860,000.00			
Payment of Bond Anticipation Notes and Capital Notes	31,300.00	31,300.00	31,300.00			6.24
Interest on Bonds	470,700.00	470,700.00	470,693.76			34.49
Interest on Notes	31,000.00	31,000.00	30,965.51	0.00		
Green Trust Loan Payment						
Loan Repayments for Principal and Interest	63,900.00	63,900.00	63,896.42	0.00		3.58
USDA/Rural Development Program						
Loan Repayments for Principal and Interest	20,400.00	20,400.00	20,338.00			62.00
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	2,477,300.00	2,477,300.00	2,477,193.69	0.00	-	106.31

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER	UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	EXPENDED	BALANCE CANCELED
<u>DEFERRED CHARGES EXCLUDED FROM "CAPS"</u>						
Emergency Authorizations	\$	-	\$		\$	
Special Emergency Authorization - 5 Years	168,200.00	168,200.00	168,200.00	-		
Deferred Charges: Unfunded Ord 1040-15	43.93	43.93	43.93	-		
	168,243.93	168,243.93	168,243.93	-		-
<u>TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"</u>						
Judgments	90,000.00	90,000.00	63,270.23			26,729.77
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	4,386,105.14	4,932,305.14	4,891,408.30	12,782.86	-	28,113.98
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	27,711,661.18	28,257,861.18	27,253,116.02	525,327.86	0.00	479,417.30
	216,744.11	216,744.11	216,744.11			
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 27,928,405.29	\$ 28,474,605.29	\$ 27,469,860.13	\$ 525,327.86	0.00	\$ 479,417.30
Budget	\$ 27,928,405.29					
N.J.S.A. 40A: 4-87	546,200.00					
Emergency Appropriation	-					
	\$ 28,474,605.29					

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EXHIBIT B - TRUST FUNDS

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

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Animal Control Fund		
Cash	\$ 833.40	\$ 721.20
Other Funds:		
Cash	3,458,664.12	3,407,922.49
Change Fund	200.00	200.00
Due from Federal - Payroll	53.60	-
Due from State - Payroll	856.89	816.91
Due from Employees - Payroll	337.14	-
	<u>3,460,111.75</u>	<u>3,408,939.40</u>
	<u>\$ 3,460,945.15</u>	<u>\$ 3,409,660.60</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Dog License Fund:		
Due to State of NJ	\$ 5.40	\$ 7.20
Reserve for Dog Fund	828.00	714.00
	<u>833.40</u>	<u>721.20</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	73,368.31	60,368.51
Premiums Received at Tax Sale	1,055,000.00	1,277,000.00
Due to State - Surcharge Fees	4,627.00	2,909.00
Due from State - Payroll	-	1,722.52
Reserves:		
Sanitary Landfill Facilities Closure	348,917.24	275,670.00
Tourism Development Commission	48,550.72	33,862.80
Developer Fees (Housing)	48,284.80	16,755.91
Accumulated Absences	146,835.49	120,904.14
Snow Removal	24,881.02	27,096.62
Beach Patrol Donations	5,381.05	6,599.34
Beach Events Donations	4,257.89	-
Memorial Benches	11,419.40	16,249.40
Recreation Expenditures	39,270.82	21,466.80
Special Events	31,270.10	34,064.77
Parking Offense Adjudication Act	13,157.18	15,611.18
Fire Penalty - Compensatory	39,470.46	22,811.26
Fire Penalty - Dedicated	31,971.65	30,323.15
Police K-9 Unit Donations	10,300.00	-
UCC Fees	83,244.34	31,954.73
Police Forfeiture	91,358.52	97,292.66
Revolving Loan Fund	111,621.26	111,175.74
Self Insurance	352,798.18	289,434.19
Payroll	207,594.73	193,305.69
Lifeguard Pension	492,281.37	544,352.20
Developers Escrow	184,250.22	178,008.79
	<u>3,460,111.75</u>	<u>3,408,939.40</u>
	<u>\$ 3,460,945.15</u>	<u>\$ 3,409,660.60</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash	\$ 4,726,379.84	\$ 1,995,941.83
Grants Receivable	376,892.00	334,927.50
Deferred Charges to Future Taxation:		
Funded	11,844,505.81	13,768,548.85
Unfunded	7,912,381.45	4,730,643.93
	<u>\$ 24,860,159.10</u>	<u>\$ 20,830,062.11</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Improvement Authorizations:		
Funded	\$ 148,434.34	\$ 377,286.32
Unfunded	3,718,548.27	2,387,979.17
Bond Anticipation Notes	7,912,000.00	3,900,600.00
General Serial Bonds Payable	11,264,000.00	13,124,000.00
USRDA Loans Payable	317,626.55	323,898.74
Green Trust Loan Payable	262,879.26	320,650.11
Contracts Payable	1,114,492.76	296,202.93
Capital Improvement Fund	159.00	65,959.00
Reserve for Payment of Bonds & Notes	51,379.81	29,218.55
Fund Balance	<u>70,639.11</u>	<u>4,267.29</u>
	<u>\$ 24,860,159.10</u>	<u>\$ 20,830,062.11</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2016 and 2015 of \$381.45 and \$830,043.93, respectively.

**GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<u>12/31/2016</u>	<u>12/31/2015</u>
Balance at the beginning of the year	\$ 4,267.29	\$ 4,267.29
Increased by:		
Premium on Note Sale	65,030.32	
Funded Improvement Authorizations Cancelled	<u>1,341.50</u>	
	66,371.82	<u>4,267.29</u>
Decreased by:		
	<u>-</u>	<u>-</u>
Balance at the end of the year	\$ <u><u>70,639.11</u></u>	\$ <u><u>4,267.29</u></u>

EXHIBIT D - WATER UTILITY

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**WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,641,978.70	\$ 2,209,593.50
Change Fund	200.00	200.00
	2,642,178.70	2,209,793.50
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	120,294.14	280,203.53
Utility Liens Receivable	298.00	298.00
Inventory	244,926.75	306,588.38
	365,518.89	587,089.91
Total of Operating Fund	3,007,697.59	2,796,883.41
Capital Fund:		
Cash and Investment	7,344,774.82	3,997,917.90
Fixed Capital:		
Completed	37,633,525.46	37,633,525.46
Authorized and Uncompleted	26,372,091.50	18,632,110.00
	71,350,391.78	60,263,553.36
Total of Capital Fund	71,350,391.78	60,263,553.36
Total Assets	\$ 74,358,089.37	\$ 63,060,436.77

**WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 526,410.22	\$ 436,214.35
Encumbrances & Accounts Payable	371,091.00	269,093.88
Accrued Interest on Bonds and Notes	127,988.09	115,616.96
Water Overpayments	35,952.44	49,663.13
Escrow Deposits	27,397.14	11,356.27
Due to the State of New Jersey	29,754.65	40,771.74
Reserve - Insurance Proceeds	2,530.00	-
	1,121,123.54	922,716.33
Reserve for Receivables	365,518.89	587,089.91
Fund Balance	1,521,055.16	1,287,077.17
Total of Operating Fund	3,007,697.59	2,796,883.41
Capital Fund:		
Improvement Authorizations:		
Funded	416,173.15	1,052,635.84
Unfunded	6,158,525.71	483,415.33
Contracts Payable	2,860,073.72	2,080,996.36
Bond Anticipation Notes	6,704,000.00	3,520,000.00
Serial Bonds Payable	9,908,000.00	10,958,000.00
NJ Environmental Infrastructure Trust Bonds	2,961,132.81	3,138,396.98
USDA Loan Payable	3,291,162.84	1,790,767.95
Reserve for Amortization	33,580,229.81	32,323,360.53
Deferred Reserve for Amortization	5,035,110.00	4,545,000.00
Reserve for Preliminary Expenses	-	10,000.00
Capital Improvement Fund	100,760.85	90,760.85
Fund Balance	335,222.89	270,219.52
Total of Capital Fund	71,350,391.78	60,263,553.36
Total Liabilities, Reserves and Fund Balance	\$ 74,358,089.37	\$ 63,060,436.77

There were Bonds and Notes Authorized But Not Issued at December 31, 2016 and 2015 of \$2,525,981.50 and \$0.00, respectively.

The Accompanying Notes are an Integral Part of these Financial Statements

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

	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 302,505.00	\$ 1,161,484.00
Water Rents	7,334,879.50	7,110,112.61
Miscellaneous	81,876.43	31,946.10
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	451,547.25	391,927.78
Canceled Prior Year Accounts Payable	5,234.09	
Total Income	8,176,042.27	8,695,470.49
<u>Expenditures</u>		
Operating		
Salaries and Wages	1,695,987.71	1,787,116.00
Other Expenses	2,089,429.94	1,812,484.23
Capital Improvements	1,008,300.00	1,508,300.00
Debt Service	1,799,053.12	1,697,583.81
Deferred Charges and Statutory Expenditures	789,331.56	775,869.12
Surplus (General Budget)	242,249.00	218,239.00
Refund of Prior Year Revenue	15,207.95	8,533.22
Total Expenditures	7,639,559.28	7,808,125.38
Excess of Revenues	536,482.99	887,345.11
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	-	-
Statutory Excess to Fund Balance	536,482.99	887,345.11
Fund Balance, January 1	1,287,077.17	1,561,216.06
Decreased by:		
Utilization as Anticipated Revenue	302,505.00	1,161,484.00
Fund Balance, December 31	\$ 1,521,055.16	\$ 1,287,077.17

The Accompanying Notes are an Integral Part of these Financial Statements

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Balance at the beginning of the year	\$ 270,219.52	\$ 270,219.52
Increased by:		
Prior Year Premium on Loan	9,890.00	
Premium on note sale	<u>55,113.37</u>	<u>-</u>
	65,003.37	-
	<u> </u>	<u> </u>
Balance December 31, 2016	\$ <u>335,222.89</u>	\$ <u>270,219.52</u>

**WATER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Operating Surplus Anticipated	\$ 302,505.00	\$ 302,505.00	\$ -
Anticipated Revenue:			
Water Rents	7,566,985.80	7,334,879.50	(232,106.30)
Miscellaneous	31,000.00	81,876.43	50,876.43
	\$ 7,900,490.80	\$ 7,719,260.93	\$ (181,229.87)

Analysis of Realized Revenue

Water Rents

Consumer Accounts Receivable	D-7	\$	7,321,168.81
Water Rent Overpayment Applied	D-9		13,710.69
		\$	7,334,879.50

Miscellaneous

Interest on Investments		\$	25,031.63
Miscellaneous			56,844.80
		\$	81,876.43

**WATER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED	OVER - EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATING							
Salaries and Wages	\$ 1,865,500.00	\$ 1,842,253.25	\$ 1,694,486.71	\$ -	\$ 1,501.00	\$ 146,265.54	-
Other Expenses	1,395,679.52	1,395,679.52	772,608.81	105,713.65	471,896.06	45,461.00	-
Terminal Leave - Salaries and Wages	-	-	-	-	-	-	-
Insurance	785,400.00	785,400.00	667,000.00	72,211.42	-	46,188.58	-
	<u>4,046,579.52</u>	<u>4,023,332.77</u>	<u>3,134,095.52</u>	<u>177,925.07</u>	<u>473,397.06</u>	<u>237,915.12</u>	<u>-</u>
CAPITAL IMPROVEMENTS							
Capital Improvement Fund	500,000.00	500,000.00	500,000.00	-	-	-	-
Capital Outlay	508,300.00	508,300.00	272,467.72	182,819.12	53,013.16	-	-
	<u>1,008,300.00</u>	<u>1,008,300.00</u>	<u>772,467.72</u>	<u>182,819.12</u>	<u>53,013.16</u>	<u>-</u>	<u>-</u>
DEBT SERVICE							
Payment of Bond Principal	1,257,000.00	1,257,000.00	1,256,869.28	-	-	130.72	-
Interest on Bonds	502,100.00	502,100.00	483,937.09	-	-	18,162.91	-
Interest on Notes	35,000.00	58,246.75	58,246.75	-	-	-	-
	<u>1,794,100.00</u>	<u>1,817,346.75</u>	<u>1,799,053.12</u>	<u>-</u>	<u>-</u>	<u>18,293.63</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
Deferred Charges							
City of Wildwood - Indirect Costs	478,960.28	478,960.28	478,960.28	-	-	-	-
City of Wildwood - Rio Grande Phase 1	10,862.00	10,862.00	10,862.00	-	-	-	-
Contribution to:							
Public Employee Retirement System	169,340.00	169,340.00	169,332.00	-	-	8.00	-
Social Security System (O.A.S.I.)	142,800.00	142,800.00	124,231.50	-	-	18,568.50	-
Unemployment Compensation	7,300.00	7,300.00	5,945.78	-	-	1,354.22	-
Surplus (General Budget)	242,249.00	242,249.00	242,249.00	-	-	-	-
	<u>1,051,511.28</u>	<u>1,051,511.28</u>	<u>1,031,580.56</u>	<u>-</u>	<u>-</u>	<u>19,930.72</u>	<u>-</u>
	<u>\$ 7,900,490.80</u>	<u>\$ 7,900,490.80</u>	<u>\$ 6,737,196.92</u>	<u>\$ 360,744.19</u>	<u>\$ 526,410.22</u>	<u>\$ 276,139.47</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT E - SEWER UTILITY

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**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,240,190.53	\$ 931,584.95
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	27,452.61	24,898.83
Utility Liens Receivable	24,082.60	250.00
	51,535.21	25,148.83
Total of Operating Fund	1,291,725.74	956,733.78
Capital Fund:		
Cash and Investment	2,301,906.82	2,045,935.63
Grants Receivable	688,500.00	898,696.00
Fixed Capital:		
Completed	20,161,000.25	14,879,196.25
Authorized and Uncompleted	4,499,000.00	8,588,100.00
	27,650,407.07	26,411,927.88
Total of Capital Fund	27,650,407.07	26,411,927.88
Total Assets	\$ 28,942,132.81	\$ 27,368,661.66

The Accompanying Notes are an Integral Part of these Financial Statements

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 57,387.20	\$ 93,398.62
Encumbrances Payable	49,208.17	29,672.23
Accounts Payable	126.50	1,495.45
Accrued Interest on Bonds and Notes	74,146.94	67,274.07
Overpayments	58,006.26	72,753.55
	238,875.07	264,593.92
Reserve for Receivables	51,535.21	25,148.83
Fund Balance	1,001,315.46	666,991.03
Total of Operating Fund	1,291,725.74	956,733.78
Capital Fund:		
Improvement Authorizations:		
Funded	5,393.30	508,972.09
Unfunded	1,718,409.07	1,793,551.16
Contracts Payable	1,650,739.55	452,535.35
Bond Anticipation Notes	2,862,000.00	2,040,000.00
Serial Bonds Payable	1,579,000.00	1,694,000.00
USDA Loan Payable	8,696,921.49	8,833,184.80
Reserve for Amortization	8,233,274.76	7,982,011.45
Reserve for Deferred Amortization	2,707,904.00	2,918,100.00
Reserve to Pay Loans	65,699.57	82,036.98
Capital Improvement Fund	22,907.38	22,907.38
Fund Balance	108,157.95	84,628.67
Total of Capital Fund	27,650,407.07	26,411,927.88
Total Liabilities, Reserves and Fund Balance	\$ 28,942,132.81	\$ 27,368,661.66

There were Bonds and Notes Authorized But Not Issued at December 31, 2016 and 2015 of \$580,900.00 and \$0.00, respectively.

**SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ -	\$ -
Sewer Rents	5,275,111.58	5,092,556.92
Miscellaneous	57,063.37	43,747.88
Interest on Investments	13,825.73	5,967.48
Reserve to Pay Loan	16,337.41	-
ARRA Debt Service Subsidy	21,856.62	-
Reserve - Insurance Proceeds		11,042.73
Other Credit to Income-		
Unexpended Balance of Appropriation Reserves	85,944.31	24,814.47
2014 Excess Accrued Expense Reversed in 2015	-	5,201.81
Accounts Payable Cancelled	1,495.45	
	<u>5,471,634.47</u>	<u>5,183,331.29</u>
Total Income		
<u>Expenditures</u>		
Operating		
Salaries and Wages	390,543.07	374,592.00
Other Expenses	4,066,127.34	3,812,674.92
Capital Improvements	2.00	22,001.00
Debt Service	618,327.63	560,701.98
Deferred Charges and Statutory Expenditures	62,310.00	67,840.00
Prior Year Revenue Refunded	-	30,878.45
	<u>5,137,310.04</u>	<u>4,868,688.35</u>
Total Expenditures		
Excess in Revenues	334,324.43	314,642.94
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which Are by Statute		
Deferred Charges to Budget of Succeeding Year	-	-
	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	334,324.43	314,642.94
Fund Balance, January 1	666,991.03	352,348.09
Decreased by:		
Utilization as Anticipated Revenue	-	-
	<u>-</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 1,001,315.46</u>	<u>\$ 666,991.03</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL FUND BALANCE - REGULATORY BASIS**

	<u>December 31, 2016</u>		<u>December 31, 2015</u>
Balance December 31, 2015	\$ 84,628.67	\$	84,628.67
Increased by:			
Premium on Note sale	<u>23,529.28</u>		<u> </u>
Balance December 31, 2016	<u>\$ 108,157.95</u>	\$	<u>84,628.67</u>

**SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>ANTICIPATED REVENUE</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Anticipated Revenue:			
Sewer Rents	\$ 5,092,500.00	\$ 5,275,111.58	\$ 182,611.58
Miscellaneous	43,700.00	57,063.37	13,363.37
Interest on Investments	5,900.00	13,825.73	7,925.73
Reserve to Pay Loan	16,337.41	16,337.41	-
ARRA Debt Service Subsidy	11,000.00	21,856.62	10,856.62
	<u>\$ 5,169,437.41</u>	<u>\$ 5,384,194.71</u>	<u>\$ 214,757.30</u>

Analysis of Realized Revenue

Sewer Rents

Consumer Accounts Receivable	\$ 5,274,956.52
Sewer Utility Lien Collections	<u>155.06</u>
	<u>\$ 5,275,111.58</u>

Miscellaneous

Interest on Delinquent Rents	\$ 44,963.03
Miscellaneous	<u>12,100.34</u>
	<u>\$ 57,063.37</u>

**SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED	OVER - EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATING							
Salaries and Wages	\$ 419,498.07	\$ 410,543.07	\$ 375,443.27	\$ -	\$ 15,099.80	\$ 20,000.00	\$ -
Other Expenses	194,580.62	189,407.34	119,371.82	25,345.59	37,689.93	7,000.00	-
Terminal Leave - Salaries and Wages	1.00	1.00	-	-	1.00	-	-
Insurance	194,000.00	196,800.00	172,898.70	23,862.58	38.72	-	-
GCMC/MUA	3,684,545.72	3,686,919.00	3,686,919.00	-	-	-	-
	<u>4,492,625.41</u>	<u>4,483,670.41</u>	<u>4,354,632.79</u>	<u>49,208.17</u>	<u>52,829.45</u>	<u>27,000.00</u>	<u>-</u>
CAPITAL IMPROVEMENTS							
Capital Improvement Fund	1.00	1.00	-	-	1.00	-	-
Capital Outlay	1.00	1.00	-	-	1.00	-	-
	<u>2.00</u>	<u>2.00</u>	<u>-</u>	<u>-</u>	<u>2.00</u>	<u>-</u>	<u>-</u>
DEBT SERVICE							
Payment of Bond Principal	251,500.00	251,500.00	251,263.31	-	-	236.69	-
Interest on Bonds	348,500.00	348,500.00	343,609.32	-	-	4,890.68	-
Interest on Notes	14,500.00	23,455.00	23,455.00	-	-	-	-
	<u>614,500.00</u>	<u>623,455.00</u>	<u>618,327.63</u>	<u>-</u>	<u>-</u>	<u>5,127.37</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
Contribution to:							
Public Employee Retirement System	28,810.00	28,810.00	28,810.00	-	-	-	-
Social Security System (O.A.S.I.)	32,000.00	32,000.00	27,557.59	-	4,442.41	-	-
Unemployment Compensation	1,500.00	1,500.00	1,386.66	-	113.34	-	-
	<u>62,310.00</u>	<u>62,310.00</u>	<u>57,754.25</u>	<u>-</u>	<u>4,555.75</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,169,437.41</u>	<u>\$ 5,169,437.41</u>	<u>\$ 5,030,714.67</u>	<u>\$ 49,208.17</u>	<u>\$ 57,387.20</u>	<u>\$ 32,127.37</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT G - GENERAL FIXED ASSETS

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GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 24,903,100.00	\$ 24,903,100.00
Land Improvements	5,324,058.00	5,324,058.00
Buildings and Building Improvements	23,895,166.00	23,836,166.00
Machinery and Equipment	11,356,453.00	10,821,373.00
	<u>65,478,777.00</u>	<u>64,884,697.00</u>
Total General Fixed Assets	<u>65,478,777.00</u>	<u>64,884,697.00</u>
Investment in General Fixed Assets	\$ <u>65,478,777.00</u>	\$ <u>64,884,697.00</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Wildwood (hereafter referred to as the "City") is a resort community in the County of Cape May, State of New Jersey. The City covers an area of approximately 1.3 square miles with a population according to the 2010 census of 5,325. The City was incorporated by an Act of the New Jersey Legislature on January 1, 1912.

The City Commission is governed by the Walsh Act, and consists of a Mayor and two Commissioners. From 1912 to 1982, the City had a commission form of government. In 1983, the government changed to the mayor-council. In 1995, by voter referendum, the City switched back to the commission form of government.

The Commissioners serve a four-year term of office. Voters within the City choose three Commissioners to serve the four year term. During 2011 the Commissioners approved a change in the election from May to December, this will extend the current terms an additional six months. The three elected commissioners then choose one of their members to serve as Mayor. The individual City Commissioners have direct supervisory control over their respective departments. The chief financial officer has been appointed to prepare and administer the annual budget.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Wildwood Special Improvement District and Business Improvement District are component units of the City; however they are not presented as part of the financial statements of the City. The Corporations issue separate financial statements which are available from the corporate offices.

B. Description of Funds

The accounting policies of the City of Wildwood conform to the accounting principles applicable to municipalities that 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 Wildwood accounts for its financial transactions through the following separate funds:

CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Trust Funds -- 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.

Water and Sewer Utility Operating and Capital Fund -- The Water and Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

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 accounting principles generally accepted in the United States of America 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 that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, except for the Water and Sewer Operating Funds, are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on various balance sheets. The City did not take a physical inventory of the supplies in the Sewer Utility Fund; therefore, no amount is reported on the Sewer Utility Operating Fund balance sheet.

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

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

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 at the time the land is foreclosed or donated. Land purchased by the City is valued at cost. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital have been accounted for separately.

Property and equipment purchased by the Water and Sewer Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar years ended December 31, 2016 and 2015.

	Balance as of 12/31/14	Additions	Disposals	Balance as of 12/31/15
Land	\$ 24,903,100			24,903,100
Land Improvements	5,283,404	40,654		5,324,058
Buildings and Building Improvements	23,836,166			23,836,166
Machinery and Equipment	10,407,711	593,056	(179,394)	10,821,373
	<u>\$ 64,430,381</u>	<u>633,710</u>	<u>(179,394)</u>	<u>64,884,697</u>

	Balance as of 12/31/15	Additions	Disposals	Balance as of 12/31/16
Land	\$ 24,903,100			24,903,100
Land Improvements	5,324,058			5,324,058
Buildings and Building Improvements	23,836,166	59,000		23,895,166
Machinery and Equipment	10,821,373	535,080		11,356,453
	<u>\$ 64,884,697</u>	<u>594,080</u>	<u>-</u>	<u>65,478,777</u>

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

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

Interest on Delinquent Taxes – It is the policy of the City of 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.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Levy of Utility Charges – The City operates a water utility fund and a sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments.

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

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

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 City'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-Statutory Basis and Statement of Expenditures-Statutory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". 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 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.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 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 is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting, however will affect the disclosure of pension related items.

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

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 City is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$216,744 and \$140,641. To balance the budget, the City is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$1,975,000 and \$1,848,950.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 significant budget transfers were approved in the 2016 and 2015 calendar years:

Budget Category	2016	2015
Current Fund		
Municipal Fire Fighting		
Salaries & Wages	75,926	30,700
Insurance		
Employee Group Health	(202,304)	
Other Expenses		(63,788)
Engineer		
Other Expenses		45,518
Beach Services		
Salaries & Wages		(23,050)
Fuel		
Other Expenses		(24,745)
Utilities		
Other Expenses		24,745
Police		
Salaries & Wages	(176,396)	(63,405)
Seasonal	55,000	45,400
Other Expenses	128,357	48,000
Purchase of Vehicles	79,296	
Property Inspections		
Salaries & Wages		(20,600)
Other Expenses		(76,160)
Environmental Maintenance		
Salaries & Wages	(30,600)	
Other Expenses		67,701
Street Maintenance		
Salaries & Wages		(33,910)
Tax Assessment		
Other Expenses		(41,840)

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 2016 and 2015, they were as follows:

	2016	2015
GWTIDA - Muni Event Support	\$ 100,000	\$ 100,000
Drive Sober or Get Pulled Over	5,000	5,000
Click it or Ticket	5,000	4,000
COPS in Shops	6,200	8,300
WBID Community Policing	20,000	20,000
Small Cities	410,000	
	\$ 546,200	137,300

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2012 the City approved two special emergency appropriations, one for the preparation of a reassessment program and one for the preparation of the tax map. The unfunded balance as of December 31, 2016 was \$66,000 and \$17,000 respectively.

Note 3: INVESTMENTS

As of December 31, 2016 and 2015, the City had no investments.

Interest Rate Risk. The City 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, the local unit or school districts of which the local unit is a part; 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 City places no limit on the amount the City may invest in any one issuer.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 City’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, 2016 and 2015, \$1,860,825 and \$2,064,310 of the City’s bank balance of \$27,982,830 and \$20,455,242, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance as of 12/31/14	Additions	Reductions	Balance as of 12/31/15	Due in One Year
General	\$ 15,626,188		1,857,639	13,768,549	1,924,043
Water Utility	16,685,441	2,880,000	3,678,276	15,887,165	1,256,869
Sewer Utility	8,515,548	2,218,123	206,486	10,527,185	316,379
Comp Absences	2,801,892	1,867,341	1,735,840	2,933,393	
Total	\$ 43,629,069	6,965,464	7,478,241	43,116,292	3,497,292

	Balance as of 12/31/15	Additions	Reductions	Balance as of 12/31/16	Due in One Year
General	\$ 13,768,549		1,924,043	11,844,506	1,995,481
Water Utility	15,887,165	1,530,000	1,256,869	16,160,296	1,014,155
Sewer Utility	10,527,185		251,263	10,275,922	255,768
Comp Absences	2,933,393	1,969,403	1,163,724	3,739,072	
Total	\$ 43,116,292	3,499,403	4,595,900	42,019,795	3,265,404

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Paid by Current Fund:

\$10,729,000 General Improvement Bond dated 05/01/2008 payable in annual installments through 05/01/2021. \$860,000 of principal was paid on 05/01/16. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2016 was \$5,029,000.

\$7,175,000 Refunding Bonds dated 12/28/11 payable in annual installments through 11/01/21. Interest is paid semiannually at rates varying from 3.00% to 4.00% per annum. \$685,000 of principal was paid on 11/01/16. The balance remaining as of December 31, 2016 was \$3,880,000.

\$3,374,000 General Improvement Bonds dated 10/26/12 payable in annual installments through 10/01/23. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2016 was \$2,355,000.

\$500,000 Green Trust Loans Payable dated 10/07/2002 payable in semiannual installments of \$17,864 through 05/29/2019. The payment includes principal and interest \$33,490 of principal was paid during 2016. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2016 was \$86,700.

\$289,000 Green Trust Loans Payable dated 02/20/2003 payable in semiannual installments of \$8,985 through 11/25/2022. The payment includes principal and interest \$15,712 of principal was paid during 2016. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2016 was \$101,132.

\$164,000 Green Trust Loans Payable dated 01/19/2007 payable in semiannual installments of \$5,099 through 10/24/2024. The payment includes principal and interest \$8,400 of principal was paid during 2015. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2015 was \$75,047.

\$175,000 USDA/Rural Development Loan dated 01/23/2003 payable in semiannual installments of \$4,738 through 11/25/2042. The payment includes principal and interest \$2,887 of principal was paid during 2016. Interest is payable at 4.50% per annum. The balance remaining as of December 31, 2016 was \$144,241.

\$208,000 USDA/Rural Development Loan dated 08/01/2003 payable in semiannual installments of \$5,431 through 08/01/2043. The payment includes principal and interest \$3,385 of principal was paid during 2016. Interest is payable at 4.25% per annum. The balance remaining as of December 31, 2016 was \$173,385.

Paid by Water Utility Fund:

\$3,490,000 Refunding Water Bond dated 01/01/04 payable in annual installments through 09/15/2016. \$330,000 of principal was paid on 09/15/16. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2016 was \$0.

\$9,903,000 Water Bond dated 05/01/08 payable in annual installments through 05/01/2028. \$450,000 of principal was paid on 05/01/16. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2016 was \$6,748,000.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

\$1,350,000 Refunding Bonds dated 12/28/11 payable in annual installments through 11/01/21. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. \$130,000 of principal was paid on 11/1/16. The balance remaining as of December 31, 2016 was \$710,000.

\$3,010,000 General Improvement Bonds dated 10/26/12 payable in annual installments through 10/01/27. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2016 was \$2,450,000.

\$824,726 USDA/Rural Development Loan dated 02/28/2008 payable in semiannual installments of \$21,146 through 02/28/2047. The payment includes principal and interest. \$11,946 of principal was paid during 2016. Interest is payable at 4.125% per annum. The balance remaining as of December 31, 2016 was \$728,680.

\$410,000 USDA/Rural Development Loan dated 07/12/2013 payable in semiannual installments of \$7,635 through 07/12/2053. The payment includes principal and interest. \$6,877 of principal was paid during 2016. Interest is payable at 2.125% per annum. The balance remaining as of December 31, 2016 was \$389,798.

\$277,000 USDA/Rural Development Loan dated 11/26/2013 payable in semiannual installments of \$5,385 through 11/26/2053. The payment includes principal and interest. \$4,420 of principal was paid during 2016. Interest is payable at 2.375% per annum. The balance remaining as of December 31, 2016 was \$264,047.

\$385,000 USDA/Rural Development Loan dated 12/08/2015 payable in semiannual installments of \$7,015 through 6/8/2055. The payment includes principal and interest. \$6,362 of principal was paid during 2016. Interest is payable at 2.000% per annum. The balance remaining as of December 31, 2016 was \$378,638.

\$1,530,000 USDA/Rural Development Loan dated 12/22/2016 payable in semiannual installments of \$27,877 through 12/22/2056. The payment includes principal and interest. \$0 of principal was paid during 2016. Interest is payable at 1.375% per annum. The balance remaining as of December 31, 2016 was \$1,530,000.

\$625,000 N.J. Environmental Trust Loan Bond dated 11/10/2007 payable in annual installments through 08/01/2025. \$30,000 of principal was paid on 08/01/16. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2016 was \$360,000.

\$621,500 N.J. Environmental Fund Loan Bond dated 11/10/2007 payable in annual installments through 08/01/2025 bearing no interest. \$30,400 of principal was paid on 08/01/16. The balance remaining as of December 31, 2016 was \$287,573.

\$590,000 N.J. Environmental Fund Loan Bond dated 5/28/2015 payable in semiannual installments through 08/01/2034. The payment includes principal and interest. \$20,000 of principal was paid during 2016. The balance remaining as of December 31, 2016 was \$570,000.

\$1,905,000 N.J. Environmental Fund Loan Bond dated 5/28/2015 payable in semiannual installments through 08/01/2034 bearing no interest. \$96,864 of principal was paid during 2016.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

The balance remaining as of December 31, 2016 was \$1,743,559.

Paid by Sewer Utility Fund:

\$1,079,000 Sewer Bond dated 05/01/08 payable in annual installments through 05/01/2028. \$50,000 of principal was paid on 05/01/16. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2016 was \$729,000.

\$1,112,000 General Improvement Bonds dated 10/26/12 payable in annual installments through 10/01/27. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2016 was \$850,000.

\$279,524 USDA/Rural Development Loan dated 02/28/2007 payable in semiannual installments of \$7,167 through 02/28/2047. The payment includes principal and interest. \$4,049 of principal was paid during 2016. Interest is payable at 4.125% per annum. The balance remaining as of December 31, 2016 was \$246,971.

\$1,435,000 USDA/Rural Development Loan dated 02/28/2007 payable in semiannual installments of \$36,794 through 02/28/2047. The payment includes principal and interest. \$20,788 of principal was paid during 2016. Interest is payable at 4.25% per annum. The balance remaining as of December 31, 2016 was \$1,267,870.

\$1,445,500 USDA/Rural Development Loan dated 12/05/2008 payable in semiannual installments of \$39,130 through 12/05/2048. The payment includes principal and interest. \$18,244 of principal was paid during 2016. Interest is payable at 4.5% per annum. The balance remaining as of December 31, 2016 was \$1,319,946.

\$1,737,000 USDA/Rural Development Loan Dated 6/3/2010 payable in semiannual installments of \$44,537 through 6/3/2050. The payment includes principal and interest at an annual rate of 4.125%. This loan was issued under the Build America Bond program of the United States of America Recovery and Reinvestment Act (ARRA). Under the provisions of the Act, the City is issued a semiannual interest rebate equal to 35% of the actual interest payment. The rebate is issued prior to the interest payment date. In calendar year 2016, the City made principal payments of \$22,034. The rebate amount received in 2016 was \$21,857. The balance remaining as of December 31, 2016 was \$1,608,621.

\$1,136,000 USDA/Rural Development Loan dated 7/15/2011 payable in semiannual installments of \$22,550 through 7/15/2051. \$18,483 of principal was paid during 2016. The payment includes principal and interest. Interest is payable at 2.5% per annum. The balance remaining as of December 31, 2016 was \$1,047,813.

\$2,236,000 USDA/Rural Development Loan dated 5/28/2015 payable in semiannual installments of \$41,635 through 5/28/2055. \$36,327 of principal was paid during 2016. The payment includes principal and interest. Interest is payable at 2.5% per annum. The balance remaining as of December 31, 2016 was \$2,181,796.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

Year	General		Water Utility		Sewer Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	1,930,000	399,381	770,000	369,814	115,000	51,947
2018	2,005,000	324,944	795,000	343,520	120,000	48,522
2019	2,100,000	247,281	830,000	316,282	125,000	44,891
2020	2,200,000	165,113	855,000	286,335	130,000	41,119
2021	2,289,000	79,403	890,000	255,117	130,000	37,212
2022-2026	740,000	22,300	4,180,000	795,656	725,000	119,740
2027-2028	-	-	1,588,000	69,820	234,000	9,501
	<u>\$ 11,264,000</u>	<u>1,238,422</u>	<u>9,908,000</u>	<u>2,436,545</u>	<u>1,579,000</u>	<u>352,932</u>

Schedule of Annual Debt Service for Principal and Interest for USDA/Rural Development Loans:

Year	General		Water Utility		Sewer Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	6,549	13,789	59,421	58,329	140,768	261,957
2018	6,838	13,500	60,727	57,281	145,361	257,700
2019	7,140	13,198	62,067	56,204	150,116	253,293
2020	7,455	12,883	63,444	55,098	154,975	248,797
2021	7,784	12,554	64,859	54,682	160,142	244,008
2022-2026	44,386	57,304	346,927	255,562	883,837	1,143,168
2027-2031	55,087	46,603	388,638	222,473	1,042,062	997,071
2032-2036	68,369	33,321	436,890	184,125	1,231,382	822,625
2037-2041	84,858	16,831	492,575	139,504	1,458,497	613,752
2042-2046	29,161	1,379	557,273	87,380	1,732,298	362,325
2047-2051			415,393	37,024	1,217,261	115,945
2052-2056			342,949	12,800	380,223	15,781
	<u>\$ 317,627</u>	<u>221,362</u>	<u>3,291,163</u>	<u>1,220,462</u>	<u>8,696,922</u>	<u>5,336,422</u>

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Schedule of Annual Debt Service for Principal and Interest for Green Trust Loans:

<u>Year</u>	<u>General Capital</u>	
	<u>Principal</u>	<u>Interest</u>
2017	58,932	4,964
2018	60,117	3,780
2019	43,461	2,572
2020	26,292	1,877
2021	26,821	1,348
2022-2024	47,256	1,309
	<u>\$ 262,879</u>	<u>15,849</u>

Schedule of Annual Debt Service for Principal and Interest N.J. Environmental Trust Loans:

<u>Year</u>	<u>Water</u>	
	<u>Principal</u>	<u>Interest</u>
2017	184,734	40,981
2018	183,824	38,581
2019	187,857	36,094
2020	195,140	33,356
2021	193,970	30,306
2022-2026	930,693	103,719
2027-2031	669,322	47,800
2032-2034	415,593	10,200
	<u>\$ 2,961,132</u>	<u>341,038</u>

As of December 31, 2016 and 2015, the carrying value of the above bonds approximates the fair value of the bonds.

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**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

<u>Summary of Municipal Debt</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
<u>General:</u>			
Bonds & Notes Issued	\$ 19,176,000	\$ 17,024,600	\$ 18,177,900
Green Trust Loans	262,879	320,650	377,282
USRDA Loans	317,626	323,899	329,906
<u>Water and Sewer:</u>			
Bonds & Notes Issued	21,053,000	18,212,000	16,278,000
USRDA Loans	11,988,085	10,623,953	8,139,836
NJ Environmental Loan	2,961,132	3,138,397	3,269,153
Total Debt Issued	<u>55,758,722</u>	<u>49,643,499</u>	<u>46,572,077</u>
 <u>Authorized but not issued:</u>			
<u>General:</u>			
Bonds & Notes	381	830,044	830,000
<u>Water and Sewer:</u>			
Bonds & Notes	<u>3,106,882</u>	-	<u>4,082,110</u>
 Bonds & Notes Authorized But Not Issued			
	<u>3,107,263</u>	<u>830,044</u>	<u>4,912,110</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>58,865,985</u>	<u>50,473,543</u>	<u>51,484,187</u>
 <u>Deductions:</u>			
Reserve for Payment of Bonds/Notes	51,380	29,219	66,010
Self-liquidating Debt	39,109,098	31,974,350	31,769,099
Total Deductions	<u>39,160,478</u>	<u>32,003,569</u>	<u>31,835,109</u>
 Net Debt	 <u>\$ 19,705,507</u>	 <u>18,469,974</u>	 <u>19,649,078</u>

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 1.382%.

	Gross Debt	Deductions	Net Debt
Self-Liquidating Purpose	\$ 39,110,098	39,110,098	-
General Debt	19,756,887	51,380	19,705,507
	\$ 58,866,985	39,161,478	19,705,507

Net Debt \$19,705,507 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$1,425,792,736= 1.288%.

The foregoing information is in agreement with the Annual Debt Statement filed with the Division of Local Government Services.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	49,902,746
Net Debt		19,705,507
Remaining Borrowing Power	\$	30,197,239

The City of Wildwood School District, as a K-12 school district, is permitted to borrow up to 4% 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 amounts in excess of the limit is treated as an impairment of the municipal limit.

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**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Calculation of "Self-Liquidating Purposes"
Water Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Fund Balance Anticipated Interest and Other Investment Income, and Other Charges for the Year		\$ 8,160,834
Deductions:		
Operating and Maintenance Costs	\$ 4,563,887	
Debt Service per Water Fund	<u>1,799,053</u>	
Total Deductions		<u>6,362,940</u>
Excess in Revenues		<u><u>\$ 1,797,894</u></u>

**Calculation of "Self-Liquidating Purposes"
Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Fund Balance Anticipated Interest and Other Investment Income, and Other Charges for the Year		\$ 5,471,634
Deductions		
Operating and Maintenance Costs	\$ 4,518,982	
Debt Service per Sewer Fund	<u>618,327</u>	
Total Deductions		<u>5,137,309</u>
Excess in Revenues		<u><u>\$ 334,325</u></u>

Note 6: NOTES

Bond Anticipation, Special Emergency Notes and Emergency Notes

The City has outstanding at December 31, 2016 and 2015, bond anticipation notes in the amount of \$17,561,000 and \$9,711,800, respectively. The December 31, 2016 amount payable to Cede & Co. is \$9,711,800. Of the December 31, 2016 amount payable to Oppenheimer & Co.,

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

\$17,561,000 bears an interest rate of 2.00% and will mature on October 20, 2017. Of this note \$83,000 is a Special Emergency in the Current Fund.

Short term notes as of December 31, 2016 and 2015 consisted of the following:

	Balance as of 12/31/14	Additions	Reductions	Balance as of 12/31/15
General	\$ 3,258,900	663,956	22,256	3,900,600
Sewer Utility	2,486,000	5,310,000	2,236,000	5,560,000
Special Emergency	419,400		168,200	251,200
Total	\$ 6,164,300	5,973,956	2,426,456	9,711,800

	Balance as of 12/31/15	Additions	Reductions	Balance as of 12/31/16
General	\$ 3,900,600	4,071,919	60,519	7,912,000
Utility	5,560,000	5,536,000	1,530,000	9,566,000
Special Emergency	251,200		168,200	83,000
Total	\$ 9,711,800	9,607,919	1,758,719	17,561,000

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 were as follows:

Current Fund	\$2,204,000
Water Utility	1,339,500

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**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2016	2017 Budget Appropriation	Balance to Succeeding Year
Current fund:			
Special Emergency Authorization	\$ 83,000	83,000	-
	<u>\$ 83,000</u>	<u>83,000</u>	<u>-</u>

The appropriations in the 2017 Budget are not less than that required by statute.

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$10,814,900 and \$10,655,593 have been raised for the 2016 and 2015 calendar year, respectively and \$10,914,900 and \$10,655,593 were remitted to the school district leaving a zero balance payable. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/16	Balance 12/31/15
Prepaid Taxes	<u>\$1,012,534</u>	<u>880,312</u>
Cash Liability for Taxes Collected in Advance	<u>\$1,012,534</u>	<u>880,312</u>

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension 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 Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions 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>.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, City, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Police and Fireman's Retirement System

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% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.06% thru June 30, 2016 and 7.20% from July 1, 2016 to December 31, 2016 of employees' annual compensation, as defined. PFRS provide for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 12.46% of covered payroll and for PFRS a rate of 25.67% of covered payroll. The City's contributions to PERS for the years ending December 31, 2016, 2015 and 2014 were \$708,744, \$655,454 and \$624,450 respectively, equal to the required contributions for each year.

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 City's contributions to PFRS for the years ending December 31, 2016, 2015 and 2014 were \$1,138,068, \$1,019,141 and \$1,023,266 respectively, equal to the required contributions for each year.

During the preparation of the 2009 budget the City elected to defer 50% of its required pension contributions. The deferred amounts were required to be funded starting in the 2012 budget including interest at 8.5% per annum.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES 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

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

NOTE 12: PENSION PLAN FOR LIFEGUARDS

The City of Wildwood has established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at the rate of 4.0% and contributed to the plan for his benefit. Retiree benefits are paid out of the trust fund. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his application.

The City's contributions to the Lifeguard Pension for the years ending December 31, 2016, 2015 and 2014 were \$0, \$0 and \$0, respectively. The City's trust for the Lifeguard Pension at December 31, 2016 was \$492,281. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the years ended December 31, 2016, 2015 and 2014 were \$71,673, \$15,041 and \$15,041, respectively.

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 City's pension liabilities. However, due to the fact that the City reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the City's pension liabilities as June 30, 2016:

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Public Employees' Retirement System

The City has a liability of \$23,230,153 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 City's proportion of the net pension liability was based on a projection of the City'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 City's proportion is 0.07843484950%, which was an increase of 0.02% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City would have recognized pension expense of \$2,233,991. At December 31, 2016, the City 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
Changes of assumptions	\$ 4,812,047	
Net difference between projected and actual experience	432,010	
Net difference between projected and actual earnings on pension plan investments	885,787	
Changes in proportion and differences between City contributions and proportionate share of contributions	493,235	400,024
Total	\$ 6,623,079	400,024

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	\$	1,408,316	
2018		1,408,316	
2019		1,609,995	
2020		1,347,297	
2021		449,131	
Total	\$	6,223,055	

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%
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**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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.

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:

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the City'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:

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
City's proportionate share of the net pension liability	\$ 27,839,102	23,230,153	19,429,151

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 City has a liability of \$25,673,281 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 City's proportion of the net pension liability was based on a projection of the City'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 City's proportion is .13439708620%, which is an increase of 3.69% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City would have recognized pension expense of \$2,879,035. At December 31, 2016, the City 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
Changes of assumptions	\$ 3,555,960	
Net difference between projected and actual earnings on pension plan investments	1,798,875	
Net difference between projected and actual experience		168,292
Changes in proportion and differences between City contributions and proportionate share of contributions	1,143,437	494,748
Total	\$ 6,498,272	663,040

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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	\$	1,411,033
2018		1,411,033
2019		1,872,858
2020		1,097,162
2021		43,146
Total	\$	<u>5,835,232</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.

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

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Sensitivity of the City'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%)
City's proportionate share of the net pension liability	\$ 32,637,331	25,673,281	19,996,798

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 amounts of \$1,604,141,087, 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 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.

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 City of Wildwood was 0.13439708620%. The net pension liability amounts allocated to the City was \$2,155,919. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$275,362 is allocated to the City.

Pension plan fiduciary net position.

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

NOTE 14: POST-RETIREMENT BENEFITS

Plan Description: The City of 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.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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>

Members of the Public Employees' Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligible at age 60
Early Retirement	Eligible after 25 years of service
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	Eligible after 10 years of service
Accidental Disability	Eligible upon total and permanent disability prior to age 65 as a result of a duty injury

Members of the Police and Firemen's Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligibility means age 55 or 20 years of credited service for an employee who is a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18, 2000. Mandatory at age 65.
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Ordinary Disability Retirement	A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of service and is totally and permanently incapacitated from the performance of usual or available duties.
Accidental Disability Retirement	A member is eligible upon total and permanent incapacitation from the performance of usual and available duties as a result of injury during the performance of regular duties.
Special Disability Retirement	A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant.

The City is a member of the SHBP and provides that its retirees will be covered if they have participated in either the PERS or the PFRS for 25 years. During 2015 and 2014 the City paid the SHBP \$1,071,813 and \$1,095,637, respectively for health care of retirees.

The City also provides dental and vision coverage for retirees but not through the NJSHBP. The City is required to calculate the future cost to provide this service. The City is not required to fund OPEB calculation but only to report the amount.

Annual OPEB Cost. The City's annual OPEB valuations are as follows:

Plan assets at December 31, 2016	\$0
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The FYE 2016 Annual Required Contribution (ARC) is \$97,920 (assuming no prefunding of obligations). Benefit payments for the year ended December 31, 2016 were \$47,906.

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The city's calculation was based on trend assumptions along with information in published papers from other industry experts. For prescription drug and vision benefits, the initial trend is to increase the cost 21.8% annually.

Note 15: DEFERRED COMPENSATION

Employees of the City of 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 City. 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.

The deferred compensation plan 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 employees.

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 16: LABOR CONTRACTS

As of December 31, 2016, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

Contract	Category	Expiration	Covers
UAW #2327	Public Works, Water, Sewer, Traffic Operations, Municipal Court and Clerk Typists	12/31/18	All employees in public works, water, sewer, traffic operations, municipal court and clerk typists. Supervisors are excluded.
PBA	Police	12/31/18	All uniformed police, detectives, and other special police units, excluding the chief and captain.
Firemen's Mutual Benevolent Asso.	Firefighters	12/31/17	All uniformed firefighters.

Pursuant to P.L. 2011, c. 78 any collective bargaining agreement entered into after June 28, 2011 requires employee contributions to health insurance coverage based on percentages of income as listed in the law.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 17: ACCRUED SICK AND VACATION BENEFITS

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2016 and 2015, the City estimates this liability to approximate \$3,739,072 and \$2,933,393, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has established an accrual of \$100,000.

Note 18: ECONOMIC DEPENDENCY

The City of Wildwood is economically dependent on the tourism industry.

Note 19: RISK MANAGEMENT

The City is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles
Boiler and Machinery
Employee Dishonesty

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the City with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles
Boiler and Machinery

Contributions to the Fund, are payable in an annual premium and based on actuarial assumptions determined by the Fund's actuary. The City's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000 for each insured event.

**CITY OF WILDWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
P.O. Box 488
Marlton, New Jersey 08053

Note 20: LITIGATION

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 21: MORTGAGE RECEIVABLE

On February 8, 2000, the City entered into an intergovernmental agreement with the New Jersey Sports and Exposition Authority for the construction of the Wildwood Convention Center. This agreement included a mortgage in the amount of \$3,092,392 payable to the City. The mortgage requires annual payments through 2016. The State is currently behind in the annual payments.

The agreement also calls for a payment in lieu of taxes in the amount of \$30,000 per year. This amount has not been paid for the 2015 and 2016 years and a receivable has been established.

Note 22: RENTAL OF MUNICIPAL PROPERTY

The City is party to several agreements for the rental of municipally owned land and buildings. The total rent received in 2016 was \$410,311.

Note 23: SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 29, 2017, the date which the financial statements were available to be issued and identified no events requiring disclosure, other than the following:

On April 25, 2017, the City issued \$8,935,000 in refunding bonds. The proceeds were used to advance refund \$3,159,000 in General Improvement Bonds, \$5,793,000 in Water Improvement Bonds and \$629,000 in Sewer Improvement Bonds.

APPENDIX C

FORM OF LEGAL OPINION FOR THE BONDS

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*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law*

_____, 2017

Board of Commissioners of the
City of Wildwood in the
County of Cape May, New Jersey

Re: City of Wildwood, in the County of Cape May, New Jersey
\$14,855,000 General Obligation Bonds, Series 2017

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Wildwood, in the County of Cape May, New Jersey (the "City"), of its General Obligation Bonds, in the aggregate principal amount of \$14,855,000 (the "Bonds"), consisting of \$7,006,000 General Improvement Bonds, \$1,581,000 Sewer Utility Bonds and \$6,268,000 Water Utility Bonds. The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Bonds. The Bonds are dated October __, 2017 and mature on September 15 in the years and in the principal amounts and bear interest at the rates, payable on March 15, 2018 and semiannually thereafter on the fifteen days of September and March in each year until maturity or earlier redemption, as follows:

	General Improvement Bonds	Sewer Utility Bonds	Water Utility Bonds	Total	Interest Rate
<u>Year</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>%</u>
2018	\$255,000	\$69,000	\$181,000	\$505,000	2.00%
2019	\$255,000	\$69,000	\$181,000	\$505,000	3.00%
2020	\$255,000	\$69,000	\$181,000	\$505,000	4.00%
2021	\$257,000	\$138,000	\$295,000	\$690,000	5.00%
2022	\$464,000	\$111,000	\$300,000	\$875,000	5.00%
2023	\$480,000	\$115,000	\$305,000	\$900,000	5.00%
2024	\$485,000	\$115,000	\$305,000	\$905,000	5.00%
2025	\$495,000	\$120,000	\$310,000	\$925,000	5.00%

	General Improvement Bonds	Sewer Utility Bonds	Water Utility Bonds	Total	Interest Rate
<u>Year</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>%</u>
2026	\$505,000	\$120,000	\$320,000	\$945,000	4.00%
2027	\$510,000	\$125,000	\$330,000	\$965,000	4.00%
2028	\$510,000	\$130,000	\$335,000	\$975,000	4.00%
2029	\$510,000	\$130,000	\$345,000	\$985,000	4.00%
2030	\$510,000	\$135,000	\$360,000	\$1,005,000	3.00%
2031	\$505,000	\$135,000	\$360,000	\$1,000,000	3.00%
2032	\$505,000		\$360,000	\$865,000	3.00%
2033	\$505,000		\$360,000	\$865,000	3.00%
2034			\$360,000	\$360,000	3.00%
2035			\$360,000	\$360,000	3.00%
2036			\$360,000	\$360,000	3.00%
2037			\$360,000	\$360,000	3.00%

The Bonds will be initially issued in book-entry form only in the form of one certificate for the principal amount of Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), Bond Ordinance Nos. 830-10 as amended by 899-12, 841-11, 954-13, 959-13, 964-13, 995-14 as amended by 1013-14, 997-14, 1011-14, 1015-14, 1039-15, 1040-15 as amended by 1058-16, 1047-16, 1048-16 as amended by 1082-17, 1049-16 and 1057-16 of the City (collectively, the "Ordinances"), and a resolution adopted by the Board of Commissioners on September 27, 2017 (the "Resolution"). The Bonds are issued for the purpose of providing funds for the financing of the capital improvements described in the Ordinances.

The Bonds are subject to redemption prior to maturity as described in the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the City; the Ordinances and the Resolution have been duly authorized and adopted by the City; and the Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.
2. The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the City with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings".
3. Under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.
4. The power and obligation of the City to pay the Bonds is unlimited, and the City shall be required to levy *ad valorem* taxes upon all taxable real property within the City for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

APPENDIX D

FORM OF LEGAL OPINION FOR THE NOTES

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*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law*

_____, 2017

Board of Commissioners of the
City of Wildwood, in the
County of Cape May, New Jersey

Re: City of Wildwood, County of Cape May, New Jersey
\$10,246,000 Bond Anticipation Notes, Series 2017, consisting of:
 \$2,476,800,000 General Improvement Bond Anticipation Notes,
 \$1,620,200 Sewer Utility Bond Anticipation Notes and
 \$6,149,000 Water Utility Bond Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Wildwood, in the County of Cape May, New Jersey (the “City” or the “Issuer”), of its \$10,246,000 Bond Anticipation Notes, Series 2017, consisting of \$2,476,800 General Improvement Bond Anticipation Notes (the “General Improvement Notes”), \$1,620,000 Sewer Utility Bond Anticipation Notes (the “Sewer Utility Notes”) and \$6,704,000 Water Utility Bond Anticipation Notes (the “Water Utility Notes”, and collectively with the General Improvement Notes and the Sewer Utility Notes, the “Notes”). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated _____, 2017, mature on October 19, 2018, bear interest at a rate of 2.25% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law and the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (collectively, the “Act”), and ordinances of the Issuer numbered 1048-16 as amended by 1082-17, 1050-16, 1079-17, 1080-17, 1081-17, 1083-17, 1084-17, 1085-17 and 1086-17 (collectively, the “Ordinances”). The Notes are issued for the purpose of financing and refinancing previously authorized projects as described in the Ordinances (collectively, the “Project”). The Project was authorized by the Ordinances.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a) copies of the Ordinances, (b) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the “Code”), and (c) such other agreements, proceedings,

certificates, records, approvals, resolutions, and documents as to various matters with respect to the issuance of the Notes, as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied on the forms of the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations enforceable in accordance with their respective terms.

2. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in “adjusted current earnings”.

3. Under current law, interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the City of Wildwood for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase “enforceable in accordance with their respective terms” shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of

the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Wildwood, in the County of Cape May, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$14,855,000 General Obligation Bonds, consisting of \$7,006,000 principal amount of General Improvement Bonds, \$1,581,000 principal amount of Sewer Utility Bonds, and \$6,268,000 principal amount of Water Utility Bonds (collectively, the "Bonds"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) Not later than nine (9) months after the end of the Issuer's fiscal year, beginning with the fiscal year ending December 31, 2017, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB's website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be provided pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be provided in the same manner as the Annual Report when they become available.

(b) Certain financial information and operating data consisting of (i) Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) property valuation information, and (iii) tax rate, levy and collection data.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the MSRB through EMMA, notice of any of the following events with respect to the Bonds (each, a "Listed Event"):

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 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 Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in

full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this

Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2017

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

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Wildwood, in the County of Cape May, New Jersey

Name of Bond Issue: \$14,855,000 General Obligation Bonds, consisting of:
\$7,006,000 General Improvement Bonds,
\$1,581,000 Sewer Utility Bonds, and
\$6,268,000 Water Utility Bonds

Dated Date: _____, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2017. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

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

By:

Name: _____

Title: _____

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Wildwood, in the County of Cape May, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$10,246,000 aggregate principal amount of its Bond Anticipation Notes, Series 2017, consisting of \$2,476,800 General Improvement Bond Anticipation Notes, \$1,620,200 Sewer Utility Bond Anticipation Notes and \$6,149,000 Water Utility Bond Anticipation Notes (collectively, the “Notes”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“Dissemination Agent” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Markets Access System.

“Listed Events” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Noteholder” shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

“Participating Underwriter” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the 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 Notes or other material events affecting the tax status of the Notes;
7. modifications to rights of Noteholders;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or
14. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file or cause to be filed a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c)

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 3(b).

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required

by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future or notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: October ____, 2017

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

By: _____
Jeanette J. Powers, Chief Financial Officer