

OFFICIAL STATEMENT DATED OCTOBER 8, 2019

NEW ISSUE

**RATNG: S&P: "SP-1+"
(See "RATING" herein)**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the City (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Notes (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals pursuant to Section 55 of the Code. In addition, interest on the Notes may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Notes and any gain from the sale thereof is not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

**\$15,412,000
CITY OF WILDWOOD
IN THE COUNTY OF CAPE MAY, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2019
(BOOK-ENTRY ONLY) (NON-CALLABLE)**

Consisting of:

**\$4,843,000 General Improvement Bond Anticipation Notes
\$7,920,000 Water Utility Bond Anticipation Notes
\$2,649,000 Sewer Utility Bond Anticipation Notes**

COUPON: 2.00% YIELD: 1.21% CUSIP*: 968206TL6

Dated: Date of Delivery

Due: October 16, 2020

The \$15,412,000 Bond Anticipation Notes, Series 2019, consisting of: (i) \$4,843,000 General Improvement Bond Anticipation Notes (the "General Improvement Notes"); (ii) \$7,920,000 Water Utility Bond Anticipation Notes (the "Water Utility Notes"); and (iii) \$2,649,000 Sewer Utility Bond Anticipation Notes (the "Sewer Utility Notes" and, collectively with the General Improvement Notes and the Water Utility Notes, the "Notes") are 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 Notes will be issued as fully-registered 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 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 Notes will not receive certificates representing their interests in 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 Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

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 above, commencing from their date of delivery. Interest on the Notes will be payable at maturity. While DTC is acting as securities depository for the Notes, the principal of and interest on 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 Notes. See "BOOK-ENTRY ONLY SYSTEM" herein. The Notes are not subject to redemption prior to their stated maturity.

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 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 Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, 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 Notes. The Notes are expected to be available for delivery in definitive form through DTC in New York, New York on or about October 18, 2019.

Jefferies

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of noteholders only at the time of issuance of 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 is subject to being changed after the issuance of 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 the Notes.

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

Board of Commissioners

Ernest Troiano, Jr., Mayor
Anthony Leonetti
Peter J. Byron

Administrator

Carl Groon

City Clerk

Christopher H. Wood

Chief Financial Officer

Jeanette J. Powers

City Attorney

Mary D'Arcy Bittner, Esquire

City Auditor

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

Bond Counsel

Parker McCay P.A.
Mount Laurel, 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 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 Underwriter or, as to information from sources other than itself, by the City. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

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 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 Underwriter.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE NOTES	1
AUTHORIZATION AND PURPOSE OF THE NOTES	2
BOOK-ENTRY ONLY SYSTEM.....	3
General	3
Discontinuation of Book-Entry Only System	5
SECURITY AND SOURCE OF PAYMENT	5
THE CITY	5
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	6
Local Bond Law (N.J.S.A. 40A:2-1 et seq.).....	6
Debt Limits	6
Exceptions to Debt Limits - Extension of Credit.....	6
Short-Term Financing.....	6
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.).....	7
Miscellaneous Revenues.....	7
Real Estate Taxes.....	7
Deferral of Current Expenses.....	8
Budget Transfers.....	8
Operations of Utilities.....	8
Capital Budget	8
Appropriation and Tax Levy “CAPS”	8
Fiscal Year Adjustment Law	9
State Supervision	10
Tax Assessment and Collection Procedure.....	10
Tax Appeals	10
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).....	11
SECONDARY MARKET DISCLOSURE.....	11
LITIGATION.....	11
TAX MATTERS.....	12
Federal	12
New Jersey.....	13
Changes in Federal and State Tax Law.....	13
RATING	13
UNDERWRITING	14
MUNICIPAL ADVISOR.....	14
MUNICIPAL BANKRUPTCY	14
APPROVAL OF LEGAL PROCEEDINGS.....	15
PREPARATION OF OFFICIAL STATEMENT	15
ADDITIONAL INFORMATION.....	15
MISCELLANEOUS	15

APPENDIX A	GENERAL INFORMATION REGARDING THE CITY OF WILDWOOD
APPENDIX B	FINANCIAL STATEMENTS OF THE CITY OF WILDWOOD
APPENDIX C	FORM OF LEGAL OPINION
APPENDIX D	FORM OF CONTINUING DISCLOSURE AGREEMENT

**OFFICIAL STATEMENT
Relating to**

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

\$15,412,000 BOND ANTICIPATION NOTES, SERIES 2019

Consisting of:

\$4,843,000 General Improvement Bond Anticipation Notes

\$7,920,000 Water Utility Bond Anticipation Notes

\$2,649,000 Sewer Utility Bond Anticipation Notes

INTRODUCTION

This Official Statement, which includes the 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 its \$15,412,000 Bond Anticipation Notes, Series 2019, consisting of: (i) \$4,843,000 General Improvement Bond Anticipation Notes (the “General Improvement Notes”); (ii) \$7,920,000 Water Utility Bond Anticipation Notes (the “Water Utility Notes”); and (iii) \$2,649,000 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 Notes.

THE NOTES

The Notes comprise an issue of general obligation notes of the City. The Notes shall be dated and shall bear interest from their date of delivery and shall mature on the date and in the amount shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the front cover page hereof. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC, if applicable. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on

the Notes will be made by the City or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and are being issued pursuant to the Local Bond Law, N.J.S.A. 40A: 2-1 et seq., as amended and supplemented (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.

Proceeds of the Notes will be used to: (i) currently refund the City’s \$15,412,000 Bond Anticipation Notes, Series 2018, dated October 19, 2018, maturing on October 18, 2019 (the “Prior Notes”); and (ii) pay the costs and expenses incidental to the issuance and delivery of the Notes. The following table sets forth certain information with respect to the bond ordinances authorizing the Notes, including the amount of proceeds used to refund the Prior Notes and for new money.

General Improvement Notes:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Prior Notes Outstanding</u>	<u>Prior Notes Being Refunded</u>
1079-17, as amended by 1118-18	Pacific Avenue Stormwater Improvements, adopted July 12, 2017 and August 22, 2018	\$1,586,043	\$1,586,000	\$1,586,000
1083-17, as amended by 1119-18	Improvements to Recreational Facilities and Parks, adopted July 12, 2017 and August 22, 2018	912,900	362,900	362,900
1084-17	Various Capital Improvements, adopted July 12, 2017	1,230,950	1,230,800	1,230,800
1120-18	Various Capital Improvements, adopted August 22, 2018	1,663,400	1,663,300	1,663,300
	Total:	\$5,393,293	\$4,843,000	\$4,843,000

Water Utility Notes:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Prior Notes Outstanding</u>	<u>Prior Notes Being Refunded</u>
1050-16	Water System Upgrades, adopted March 23, 2016	\$2,110,000	\$99,300	\$99,300
1080-17	Flood Remediation, adopted July 12, 2017	1,165,000	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	413,800
1085-17	Various Water Improvements, adopted July 12, 2017	4,470,900	4,470,900	4,470,900
1121-18	Various Water Improvements, adopted August 22, 2018	1,771,000	1,771,000	1,771,000
	Total:	\$15,048,900	\$7,920,000	\$7,920,000

Sewer Utility Notes:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Prior Notes Outstanding</u>	<u>Prior Notes Being Refunded</u>
1081-17	Flood Remediation, adopted July 12, 2017	\$839,000	\$839,000	\$839,000
1086-17	Various Sewer Improvements, adopted July 12, 2017	781,200	781,000	781,000
1122-18	Various Sewer Improvements, adopted August 22, 2018	1,029,100	1,029,000	1,029,000
	Total:	\$2,649,300	\$2,649,000	\$2,649,000

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on 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 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 Notes. 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 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each 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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all 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 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding 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 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 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on 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 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, 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, 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 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 Notes is discontinued, the City has provided that upon receipt of the Note certificates from DTC and the Participant information, the City will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the Note certificates so provided.

SECURITY AND SOURCE OF PAYMENT

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 Notes. Unless paid from other sources, 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 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

The City is located in the County of Cape May, New Jersey (the "County"). 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. The City is not under State supervision.

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

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement for the Notes in the form as set forth in "APPENDIX D - Form of Continuing Disclosure Agreement".

The City has previously entered into continuing disclosure undertakings under the Rule. The City appointed Phoenix Advisors, LLC, Bordentown, New Jersey in August of 2014 to act as continuing disclosure agent to assist in the filing of certain information on the MSRB's Electronic Municipal Market Access Dataport ("EMMA") as required under its obligations.

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 Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of 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, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. A certificate to such effect will be executed by the City Attorney and delivered to the Underwriter of the Notes at the closing.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, assuming continuing compliance by the City with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the “dividend equivalent amount” for the taxable year. Interest on 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.

In addition, passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the City’s covenants contained in the bond ordinances, and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the “modified adjusted gross income” of the taxpayer and certain other individuals. “Modified adjusted gross income” means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by Banks, Thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. The City has **not** designated the Notes as “qualified tax-exempt obligations” for the purposes of Section 265(b)(1) of the Code.

Owners of the Notes should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the Notes and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes.

PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P") has assigned its short-term rating of "SP-1+" to the Notes.

Such credit rating reflects only the view of S&P, and an explanation of the significance of the credit rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and documents furnished to it, and on investigations, studies and assumptions of its own. The rating expresses only the view of S&P and there is no assurance that the credit rating will continue for any period of time or that the credit rating will not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the credit rating may have an adverse effect on the market price of the Notes. Neither the City nor the underwriter has undertaken the responsibility to take any action with regard to possible credit rating changes or to bring any such changes to the attention of the owners of the Notes.

UNDERWRITING

The Notes have been purchased from the City at a public sale by Jefferies LLC, New York, New York (the “Underwriter”) at a price of \$15,528,052.36 (the “Purchase Price”). The Purchase Price reflects a par amount of \$15,412,000.00 plus a bid premium of \$116,052.36.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at yields higher than the public offering yield set forth on the 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 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 Notes are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX D. Certain legal matters will be passed on for the City by the City Attorney.

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 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, 625 Farnsworth Avenue, 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 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 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 8, 2019

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF WILDWOOD

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 46-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 43 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 over 25 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 of 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 the 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 took place in 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, one deputy chief, two captains, six lieutenants, five sergeants and 29 police officers. In addition, a corps of approximately 37 patrolmen augment the force during the summer tourist season. At any given time, there are 7 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, 18 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 eight (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 and Shawcrest sections 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 service 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 charged, since 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 1.1 Billion Gallons per year allowing 700 Million Gallons per year for additional growth. The population served by the Wildwood Water Utility is approximately 17,000 during the winter months and approximately 120,000 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). The responsibilities of the main divisions are as follows:

Street Maintenance Division – This division consists of ten 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 four 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>
2018	715	\$7,387,208
2017	765	10,985,744
2016	672	7,395,269
2015	579	6,437,028
2014	516	4,972,856

Planning and Zoning Board

The City's Master Plan was last updated in 2017 and its Land Development Ordinance was last amended in April 2008.

City Employment and Pension Information

The City employs 185 full-time employees, with the number of employees increasing by approximately 170 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. The labor contract for the Amalgamated Local 2327 (U.A.W.), which covers public works employees and clerical staff, expired December 2018. Negotiations with this group have begun. The labor contract with the Fireman's Mutual Benevolent Association expires in December 2021. The labor contract with the Fraternal Order of Police expires in December 2023. A comparative recap of the City's full-time workforce is set forth below:

City's Full-Time Workforce

Department	2019	2018	2017	2016	2015
Police	44	45	38	38	39
Fire	24	25	20	19	19
Public Works	60	53	43	43	44
All other Departments	31	39	50	47	41
Water Utility	26	25	25	25	27
Total	185	187	176	172	170

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PERS	\$780,114	\$733,770	\$708,744	\$655,454	\$624,450
Social Security	665,000	622,820	698,556	689,600	641,714
PFRS	1,401,611	1,173,681	1,138,068	1,019,141	1,023,266

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>				
2018	2,719	2,246	473	17.4%
2017	2,728	2,242	486	17.8%
2016	2,780	2,254	526	18.9%
2015	2,908	2,292	616	21.2%
2014	2,959	2,289	670	22.6%
<u>County</u>				
2018	45,785	41,945	3,840	8.4%
2017	46,097	41,862	4,235	9.2%
2016	46,661	42,076	4,585	9.8%
2015	48,038	42,694	5,344	11.1%
2014	48,551	42,607	5,944	12.2%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

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 2017)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$29,945	\$62,332	\$76,475
Median Family Income	31,411	78,624	94,337
Per Capita Income	29,208	36,256	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

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>
2017 Estimate	5,070	-4.79%	93,553	-3.82%	8,958,013	1.89%
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>2018</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Bolero Corporation	\$8,334,600	0.59%
The Morey Organization	7,749,400	0.55%
SAMAX, Inc.	5,699,000	0.41%
Calnsea Properties, LLC	5,420,000	0.39%
AMGC Corp.	5,250,000	0.37%
Wild Waves, LLC	4,963,800	0.35%
2701 Associates, LLC	4,434,100	0.32%
Boardwalk Arcade @ Weiner	4,350,000	0.31%
Schwartz, Martin & Phyllis	4,300,300	0.31%
Midtown Properties, LLC	<u>4,166,200</u>	<u>0.30%</u>
Total	<u>\$54,667,400</u>	<u>3.89%</u>

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

Largest County Employers

The total number of persons employed in the County in 2018 was 41,900. The thirty-two largest employers in the County, as of 2018, in no particular order, include the following:

<u>Name</u>	<u>Business Description</u>
Acme	Grocers-Retail
Cape Regional Medical Center	Hospitals
Court House Convalescent	Health Services
Crest Haven Nursing & Rehab	Nursing & Convalescent Homes
Deauville Inn	Full-service Restaurant
Drug Detox Helpline	Addiction Treatment Centers
Gillian's Wonderland Pier	Docks (builders)
Grand Hotel of Cape May	Hotel & Motels
Home Depot	Home Centers
Lifestyle Management Center	Hospitals
Lobster House Restaurant & Bar	Full-service Restaurant
Lowe's Home Improvement	Home Centers
Magton Inc	Hotel & Motels
MCR Concessions – Morey's Pier	Concessionaires
Mid Atlantic Center for the Arts	Museums
Morey's Piers & Beachfront	Amusement & Theme Parks
Obadiah's Restaurant	Full-service Restaurant
Oceana Rehabilitation & Nurse	Rehabilitation Services
Oceanview Center for Rehab	non-profit organizations
Performing Arts Center	Halls & Auditorium
Shop Rite	Grocers-Retail
Snow's/Doxsee Inc	Food Products & Manufacturers
Super Fresh	Grocers-Retail
Two Mile Landing Restaurant	Full-service Restaurant
Uries Waterfront Restaurant	Full-service Restaurant
Victoria Manor Nursing Home	Nursing & Convalescent Homes
Wakefern Food Corp	Grocers-Retail
Walmart	Department Store
Wesley Shores	Residential Care Facilities
Wildwheels Raceway & Adventure	Amusement Places
Windrift Hotel & restaurant	Hotel & Motels / Full-service
Woodbine Developmental Center	Developmental Disability Services

Source: Info Group, Omaha, NE

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.

Enrollment totals are as follows:

<u>October</u>	<u>Enrollment</u>	<u>Change</u>
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%
2017	844	-0.7%
2018	823	-2.5%

The school district is a receiving district for high school students from North Wildwood, Wildwood Crest and West Wildwood. Tuition revenue totaled \$1,461,740 for the year ended June 30, 2019, \$969,161 for the year ended June 30, 2018, and \$1,166,434 for the year ended June 30, 2017.

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>
2018	\$35,813,647	\$35,682,501	99.63%
2017	34,444,435	34,212,430	99.33%
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%

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>
2018	\$29,913	\$14,788	\$44,701	0.12%
2017	147,556	1,662	149,218	0.43%
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%

Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018	\$766,900
2017	620,100
2016	620,100
2015	620,100
2014	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.

		Local		
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2019	\$1.492	\$0.825	\$0.277	\$2.594
2018	1.443	0.797	0.259	2.499
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

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

Valuation of Property

	Aggregate Assessed	Aggregate True	Ratio of	Assessed	Equalized
<u>Year</u>	<u>Valuation of</u>	<u>Value of</u>	<u>Assessed to</u>	<u>Value of</u>	<u>Valuation</u>
	<u>Real Property</u>	<u>Real Property</u>	<u>True Value</u>	<u>Personal Property</u>	
2019	\$1,398,799,100	\$1,421,688,281	98.39%	n/a	\$1,421,688,281
2018	1,403,839,900	1,426,811,566	98.39	2,068,355	1,428,879,921
2017	1,408,348,500	1,354,311,472	103.99	2,028,904	1,356,340,376
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

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>
2019	\$28,240,900	\$903,628,200	\$0	\$411,418,000	\$4,011,900	\$51,500,100	\$1,398,799,100
2018	29,508,100	899,688,100	0	418,150,600	4,026,900	52,466,200	1,403,839,900
2017	31,548,500	900,545,000	0	420,117,200	3,671,900	52,465,900	1,408,348,500
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

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$1,848,950	\$1,975,000	\$2,204,000	\$2,571,000	\$2,000,000
Miscellaneous Revenues	6,728,175	7,553,158	6,543,571	7,115,658	7,027,273
Receipts from Delinquent Taxes	25,000	30,000	33,259	33,259	25,386
Amount to be Raised by Taxation	<u>18,032,219</u>	<u>18,370,247</u>	<u>19,009,566</u>	<u>20,281,051</u>	<u>20,870,008</u>
Total Revenue:	<u>\$26,634,344</u>	<u>\$27,928,405</u>	<u>\$27,790,396</u>	<u>\$30,000,968</u>	<u>\$29,922,667</u>
<u>Appropriations</u>					
General Appropriations	\$20,590,930	\$21,134,510	\$21,928,948	\$26,054,168	\$25,743,901
Operations (Excluded from CAPS)	993,521	1,507,661	279,064	568,287	576,253
Deferred Charges and Statutory Expenditures	2,277,652	2,359,290	2,463,083	193	100
Judgments	0	90,000	0	0	0
Capital Improvement Fund	183,000	142,900	241,800	230,825	327,825
Municipal Debt Service	2,448,600	2,477,300	2,785,432	2,958,200	3,069,600
Reserve for Uncollected Taxes	<u>140,641</u>	<u>216,744</u>	<u>92,069</u>	<u>189,295</u>	<u>204,988</u>
Total Appropriations:	<u>\$26,634,344</u>	<u>\$27,928,405</u>	<u>\$27,790,396</u>	<u>\$30,000,968</u>	<u>\$29,922,667</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>
2018	\$2,813,525	\$2,000,000
2017	2,575,780	2,571,000
2016	2,727,750	2,204,000
2015	2,632,222	1,975,000
2014	2,110,844	1,848,950

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>
2018	\$1,385,191	\$462,200
2017	1,309,913	520,000
2016	1,521,055	1,339,500
2015	1,287,077	302,505
2014	1,561,216	1,161,484

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>
2018	\$1,686,334	\$290,000
2017	1,203,657	0
2016	1,001,315	0
2015	666,991	0
2014	352,348	0

Source: Annual Audit Reports of the City

City Indebtedness as of December 31, 2018**General Purpose Debt**

Serial Bonds	\$13,990,000
Bond Anticipation Notes	4,843,000
Bonds and Notes Authorized but Not Issued	550,100
Other Bonds, Notes and Loans	<u>448,070</u>
Total:	\$19,831,170

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	\$16,730,000
Bond Anticipation Notes	10,569,000
Bonds and Notes Authorized but Not Issued	2,486,700
Other Bonds, Notes and Loans	<u>15,247,177</u>
Total:	\$45,032,877

TOTAL GROSS DEBT**\$64,864,047**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	0
Self-Liquidating Debt	<u>45,032,877</u>
Total:	\$45,032,877

TOTAL NET DEBT**\$19,831,170**

Source: Annual Debt Statement of the City

Annual Debt Service for Bonded Debt Issued and Outstanding

Year	<u>General</u>		<u>Water Utility</u>		<u>Sewer Utility</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$2,329,000	\$503,930	\$972,000	\$519,330	\$189,000	\$105,340
2020	2,425,000	418,500	1,001,000	487,030	194,000	99,870
2021	2,512,000	327,900	1,141,000	452,120	262,000	93,630
2022	829,000	253,150	1,040,000	408,750	241,000	83,150
2023	855,000	101,550	1,065,000	368,550	250,000	73,900
2024-2028	2,505,000	844,800	5,485,000	1,146,175	1,265,000	210,750
2029-2033	2,535,000	232,800	1,785,000	381,000	400,000	25,450
2034-2037	-	-	1,440,000	108,000	-	-
	\$13,990,000	\$2,682,630	\$13,929,000	\$3,870,955	\$2,801,000	\$692,090

Source: Annual Audit Reports of the City

Overlapping Debt (as of December 31, 2018)²

<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	384,897,073	2.77%	<u>10,650,548</u>
Net Indirect Debt			\$10,650,548
Net Direct Debt			<u>19,831,170</u>
Total Net Direct and Indirect Debt			<u>\$30,481,718</u>

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	\$1,400,431,533
Permitted Debt Limitation (3 1/2%)	49,015,104
Less: Net Debt	<u>19,831,170</u>
Remaining Borrowing Power	<u>\$29,183,933</u>
Percentage of Net Debt to Average Equalized Valuation	1.416%
Gross Debt Per Capita based on 2010 population of 5,325	\$12,181
Net Debt Per Capita based on 2010 population of 5,325	\$3,724

Source: Annual Debt Statement of the City

² City percentage of County and authority debt is based on the City's share of total equalized valuation in the County.

Pending 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.

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY OF WILDWOOD

[THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF WILDWOOD

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CITY OF WILDWOOD
NEW JERSEY
TABLE OF CONTENTS**

Exhibit No. Page No.

PART 1

Independent Auditor's Report 1-3

CURRENT FUND

Comparative Balance Sheet - Regulatory Basis	A	4-5
Comparative Statement of Operations and Change in		
Fund Balance - Regulatory Basis	A-1	6-7
Statement of Revenues - Regulatory Basis	A-2	8-12
Statement of Expenditures - Regulatory Basis	A-3	13-23

TRUST FUND

Comparative Balance Sheet - Regulatory Basis	B	24
--	---	----

GENERAL CAPITAL FUND

Comparative Balance Sheet - Regulatory Basis	C	25
Statement of Fund Balance - Regulatory Basis	C-1	26

WATER UTILITY FUND

Comparative Balance Sheet - Regulatory Basis	D	27-28
Comparative Statement of Operations and		
Changes in Fund Balance - Regulatory Basis	D-1	29
Statement of Capital Fund Balance - Regulatory Basis	D-2	30
Statement of Revenues - Regulatory Basis	D-3	31
Statement of Expenditures - Regulatory Basis	D-4	32-33

SEWER UTILITY FUND

Comparative Balance Sheet - Regulatory Basis	E	34-35
Comparative Statement of Operations and		
Changes in Fund Balance - Regulatory Basis	E-1	36
Statement of Capital Fund Balance -Regulatory Basis	E-2	37
Statement of Revenues - Regulatory Basis	E-3	38
Statement of Expenditures - Regulatory Basis	E-4	39

GENERAL FIXED ASSETS ACCOUNT GROUP

Comparative Statement of General Fixed Assets - Regulatory Basis	G	40
--	---	----

NOTES TO FINANCIAL STATEMENTS 41-81

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CITY OF WILDWOOD
NEW JERSEY**

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of 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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 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

August 6, 2019

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT A - CURRENT FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Regular Fund:		
Cash		
Treasurer	\$ 6,567,289.68	\$ 6,629,315.34
Collector	43,968.80	441,180.90
Change Funds	875.00	875.00
Due from the State of New Jersey -		
Senior Citizens and Veterans Deductions	<u>4,629.43</u>	<u>4,021.90</u>
	<u>6,616,762.91</u>	<u>7,075,393.14</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	14,787.76	1,662.22
Tax Title Liens Receivable	29,913.05	147,556.08
Hazard Liens Receivable	4,595.97	705.00
Property Acquired for Taxes (Foreclosed Property)	766,900.00	620,100.00
Revenue Accounts Receivable	17,676.20	24,130.17
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	<u>270,000.00</u>	<u>240,000.00</u>
	<u>3,556,386.98</u>	<u>3,486,667.47</u>
Total Regular Fund	<u>10,173,149.89</u>	<u>10,562,060.61</u>
Federal and State Grant Fund:		
Cash	73,388.18	129,890.24
Federal and State Grants Receivable	<u>1,524,434.82</u>	<u>1,888,418.53</u>
Total Federal and State Grant Fund	<u>1,597,823.00</u>	<u>2,018,308.77</u>
TOTAL ASSETS	\$ <u>11,770,972.89</u>	\$ <u>12,580,369.38</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND**

Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Appropriation Reserves	\$ 804,867.57	\$ 1,044,088.18
Encumbrances	1,141,765.61	843,247.20
Accounts Payable	36,381.50	991.78
Refunds Payable	1,753.91	611.76
Prepaid Taxes	1,126,475.56	1,705,463.58
Tax Overpayments	121,995.89	37,089.14
Due County for Added and Omitted Taxes	6,884.84	2,906.32
Reserve for -		
Master Plan	-	1,959.70
Tax Map	2,066.96	2,066.96
Auctioneer/Auction Sale	240.17	240.17
Tax Appeals	28,241.71	77,565.00
Codification of Ordinance	2,708.13	4,628.13
Performance Deposits	210,736.25	345,115.86
Police Class II	6,000.00	3,600.00
Human Services	395.00	620.00
Reassessment	-	29,015.68
Insurance Proceeds	312,724.92	400,403.32
Total Liabilities	<u>3,803,238.02</u>	<u>4,499,612.78</u>
Reserve for Receivables	3,556,386.98	3,486,667.47
Fund Balance	<u>2,813,524.89</u>	<u>2,575,780.36</u>
Total Regular Fund	<u>10,173,149.89</u>	<u>10,562,060.61</u>
Federal and State Grant Fund:		
Reserve for Encumbrances	173,647.36	133,688.09
Reserve for State Grants -		
Unappropriated Reserves	42,203.02	101,427.93
Appropriated Reserves	<u>1,381,972.62</u>	<u>1,783,192.75</u>
Total Federal and State Grant Fund	<u>1,597,823.00</u>	<u>2,018,308.77</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ <u><u>11,770,972.89</u></u>	\$ <u><u>12,580,369.38</u></u>

**CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND**

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	2018	2017
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 2,571,000.00	\$ 2,204,000.00
Miscellaneous Revenues Anticipated	7,493,328.66	8,572,682.05
Receipts from Delinquent Taxes	25,386.47	36,410.61
Receipts from Current Taxes	35,682,501.15	34,212,430.26
Nonbudget Revenues	321,924.69	719,179.61
Other Credits to Income:		
Proceeds from Sale of Foreclosed Property	120,000.00	-
Unexpended Balance of Appropriation Reserves	749,752.78	471,367.92
Statutory Excess-Animal Control Fund	330.00	438.00
Canceled Reserve Accounts	30,975.38	-
Refunds Payable Cancelled	-	3.00
Accounts Payable Cancelled	-	28,919.17
Canceled Grants	185.76	250.00
	<u>46,995,384.89</u>	<u>46,245,680.62</u>
Total Income		
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	12,560,416.14	11,797,990.49
Other Expenses	9,251,910.99	9,419,346.77
Deferred Charges and		
Statutory Expenditures	2,591,760.72	2,376,521.78
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	354,109.33	837,612.27
Other Expenses	314,178.14	1,214,036.05
Capital Improvements	330,825.00	241,800.00
Debt Service	2,958,063.62	2,772,864.62
Deferred Charges	192.50	83,381.45
County Taxes Payable	3,620,736.41	3,735,816.12
County Share of Added and Omitted Taxes	6,884.84	2,906.32
Local District School Tax	11,196,941.00	10,977,393.00
Special District Tax	680,000.00	680,000.00
Cancelled Grants	-	250.00
Prior Year Revenue Refunded	320,621.67	53,731.16
	<u>44,186,640.36</u>	<u>44,193,650.03</u>
Total Expenditures		

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND**

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Excess in Revenues	\$ 2,808,744.53	\$ 2,052,030.59
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	2,808,744.53	2,052,030.59
Fund Balance, January 1	<u>2,575,780.36</u>	<u>2,727,749.77</u>
Total	5,384,524.89	4,779,780.36
Decreased by:		
Utilization as Anticipated Revenue	<u>2,571,000.00</u>	<u>2,204,000.00</u>
Fund Balance, December 31	\$ <u><u>2,813,524.89</u></u>	\$ <u><u>2,575,780.36</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND**

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 2,571,000.00	\$	2,571,000.00	\$ -
Miscellaneous Revenues:				
Licenses-Alcoholic Beverages	131,000.00		133,790.00	2,790.00
Licenses-Other	329,000.00		361,831.73	32,831.73
Fees and Permits	490,000.00		450,155.42	(39,844.58)
Fines and Costs - Municipal Court	765,000.00		628,880.36	(136,119.64)
Interest and Costs on Taxes	106,000.00		129,649.21	23,649.21
Parking Meters	764,000.00		878,580.09	114,580.09
Interest on Investments	89,000.00		164,997.10	75,997.10
Public Property Revenues	426,000.00		463,746.90	37,746.90
Cable TV Franchise Fee	48,480.29		48,480.29	-
Payment In Lieu of Taxes	111,000.00		113,541.00	2,541.00
Ambulance Rescue Squad	390,000.00		480,039.21	90,039.21
Fees - Tram Cars	102,000.00		107,959.73	5,959.73
1.85% Room Tax	280,000.00		295,872.96	15,872.96
GWTDA Administrative Reimbursement	30,000.00		30,000.00	-
Uniform Fire Safety Act	47,000.00		50,921.02	3,921.02
Wildwood Water Utility - Rio Grande Avenue	10,862.00		10,862.00	-
Municipal Event Support from GWTIDA	34,000.00		62,655.61	28,655.61
Energy Receipts Tax (P.L. 1997, Ch 162&167)	1,005,571.00		1,005,571.00	-

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND**

Statement of Revenue - Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Shared Services Agreements:				
Tax Assessor	\$ 61,900.00	\$	\$ 60,710.57	\$ (1,189.43)
Emergency Medical Services-West Wildwood	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	-
Emergency Broadcast Notification Services -West VW	1,800.00		1,800.00	-
Emergency Medical Services -Lower Township	5,000.00		5,000.00	-
Indirect Cost Allocation from Water Utility	682,199.27		682,199.27	-
Reserve for Payment of Bonds	95,379.31		95,379.31	-
Water Utility Fund Balance	254,884.00		254,884.00	-
Beach Services Revenue	357,519.71		377,759.41	20,239.70
Additional Revenues Offset With Appropriations:				
Small Cities CDBG	120,000.00		120,000.00	-
Drunk Driving Enforcement Fund	33,121.16		33,121.16	-
Clean Communities Program	28,569.33		28,569.33	-
Alcohol Education and Rehabilitation Fund	4,825.49		4,825.49	-
Recycling Tonnage	15,926.84		15,926.84	-
Body Armor Grant	3,553.11		3,553.11	-
COPS in Shops	7,040.00		7,040.00	-
GWTIDA - Municipal Event Support	100,000.00		100,000.00	-
Cooperative Housing Inspection Program	20,632.00		20,632.00	-

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**

CURRENT FUND

Statement of Revenue - Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Additional Revenues Offset With Appropriations (continued):				
SHSP - Secure The Shore	\$	\$ 100,000.00	\$ 100,000.00	\$ -
WBID Byrne Plaza and Pacific Avenue Maintenance			10,000.00	-
Click It or Ticket Mobilization Grant	10,000.00		5,500.00	-
Distracted Driving Statewide Crackdown Grant	5,500.00		6,600.00	-
ACM JIF Safety Incentive Program	6,600.00		2,650.00	-
ACM JIF Optional Safety Budget Program	2,650.00		2,500.00	-
ACM JIF Wellness Incentive Program	1,500.00		725.00	-
ACM JIF EPL/Cyber Risk Management Program	725.00		5,419.54	-
Bulletproof Vest Partnership	5,419.54		7,493,328.66	277,670.61
Total Miscellaneous Revenues	7,115,658.05	100,000.00		
Receipts from Delinquent Taxes	33,259.21		25,386.47	(7,872.74)
Subtotal General Revenues	9,719,917.26	100,000.00	10,089,715.13	269,797.87
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	20,281,050.50		20,367,233.97	86,183.47
including Reserve for Uncollected Taxes			30,456,949.10	355,981.34
Total General Revenues	30,000,967.76	100,000.00	322,254.69	322,254.69
Nonbudget Revenues: Miscellaneous Revenue Not Anticipated				
Total Revenues	\$ 30,000,967.76	\$ 100,000.00	\$ 30,779,203.79	\$ 678,236.03
				(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Realized Revenue:

Receipts from Delinquent Taxes

Delinquent Tax Collections	\$ 2,662.22
Tax Title Lien Collections	<u>22,724.25</u>
	<u><u>\$ 25,386.47</u></u>

Allocation of Current Tax Collections

Revenue from Collections	\$ 35,682,501.15
Less: Reserve for Tax Appeals Pending	<u>0.00</u>
Net Revenue from Collections	35,682,501.15
Allocated to:	
School, County and Other Taxes	<u>15,504,562.25</u>
Balance for Support of Municipal Budget Revenues	20,177,938.90
Add:	
Appropriation - Reserve for Uncollected Taxes	<u>189,295.07</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 20,367,233.97</u></u>

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Realized Revenue (Continued):

Miscellaneous Revenue Not Anticipated

Gasoline Services	\$ 14,516.26
Health Insurance Reimbursement	12,803.16
Police (Off Duty) Administration Costs	7,687.50
Police-Miscellaneous	18,805.85
FEMA Reimbursement	127,662.46
Recycling Fees	12,608.15
Homestead Supplemental Reimbursement	252.00
Senior Citizen and Veterans Administrative Fee	701.63
Sale of Municipal Property	45,699.94
Restitution	3,192.96
Fine	3,916.74
CMC MUA Recycling Rebate	19,398.51
Lot Cleaning	18,714.58
Statutory Excess - Animal Control Fund	330.00
Fire-Miscellaneous	3,135.00
Fire (Special Assignment) Administrative Fee	7,740.00
Fire-ISA	2,928.00
Insurance Reimbursements	5,156.29
Donation - Beach Boxes	10,000.00
ACM JIF Awards	3,375.00
Municipal Court - Accounts Surplus	1,933.21
Clerk - Miscellaneous	342.70
Miscellaneous	1,354.75
	<hr/>
	\$ 322,254.69
	<hr/>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		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	41,100.00 \$	41,100.00 \$	41,003.32 \$	96.68 \$	
Other Expenses	3,000.00	3,000.00	2,830.93	169.07	
Prosecutor					
Other Expenses	20,000.00	20,000.00	20,000.00	-	
Department of Law - Director's Office					
Salaries and Wages	192,500.00	192,500.00	192,328.98	171.02	
Other Expenses	150,000.00	150,000.00	126,655.12	23,344.88	
Police					
Salaries and Wages	5,002,400.00	4,907,400.00	4,589,297.54	178,102.46	140,000.00
Seasonal Salaries and Wages	882,300.00	882,300.00	609,920.99	2,379.01	270,000.00
Other Expenses	324,000.00	334,000.00	333,871.06	128.94	
Purchase of Vehicles	1.00	1.00	-	1.00	
Lifeguards					
Salaries and Wages	520,000.00	519,572.35	519,572.35	-	
Other Expenses	59,200.00	59,627.65	58,198.30	1,429.35	
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00	5,000.00	-	
Other Expenses	4,600.00	4,600.00	2,850.81	1,749.19	
Traffic Marking					
Salaries and Wages	204,700.00	205,632.89	201,246.68	4,386.21	
Other Expenses	74,100.00	73,167.11	72,721.56	445.55	

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued):					
Municipal Fire Fighting					
Salaries and Wages	\$ 1,838,000.00	\$ 1,819,350.00	\$ 1,728,666.39	\$ 72,683.61	\$ 18,000.00
Other Expenses	174,500.00	174,500.00	174,262.00	238.00	
Volunteer Fire Fighting					
Other Expenses	15,000.00	15,000.00	1,600.00	-	13,400.00
Parking					
Salaries and Wages	26,300.00	26,827.50	26,827.50	-	
Other Expenses	55,000.00	54,472.50	25,150.86	3,396.02	25,925.62
State Fire Prevention Code					
Salaries and Wages	287,400.00	336,050.00	322,557.30	13,492.70	
Other Expenses	5,900.00	5,900.00	5,793.33	106.67	
Animal Control					
Other Expenses	53,700.00	53,700.00	53,244.00	456.00	
Municipal Court					
Salaries and Wages	359,000.00	339,000.00	320,534.06	18,465.94	
Other Expenses	34,600.00	34,600.00	32,084.36	84.02	2,431.62
Public Defender					
Other Expenses	21,550.00	21,550.00	17,000.00	4,550.00	
Municipal Administrator					
Salaries and Wages	71,000.00	71,000.00	66,999.92	-	4,000.08
Other Expenses	25,700.00	24,762.50	5,951.81	18,810.69	

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF REVENUE AND FINANCE:					
Commissioner of Revenue and Finance	\$	41,100.00 \$	41,003.06 \$	96.94 \$	
Salaries and Wages		3,000.00	498.31	2,501.69	
Other Expenses					
City Clerk					
Salaries and Wages	205,800.00	216,800.00	212,296.72	4,503.28	
Other Expenses	23,500.00	23,500.00	19,275.39	4,224.61	
Elections					
Other Expenses	2,000.00	2,000.00	1,636.38	363.62	
Accounts and Control					
Salaries and Wages	277,600.00	277,600.00	271,877.78	5,722.22	
Other Expenses	36,000.00	38,000.00	37,973.33	26.67	
Audit Service					
Other Expenses	51,500.00	51,500.00	51,500.00	-	
Tax Assessment					
Salaries and Wages	114,300.00	103,300.00	90,169.04	130.96	13,000.00
Other Expenses	96,500.00	96,500.00	66,087.16	30,412.84	
Revenue Collection					
Salaries and Wages	133,300.00	133,300.00	130,344.70	2,955.30	
Other Expenses	19,100.00	19,100.00	18,418.66	681.34	

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF REVENUE AND FINANCE (Continued):					
Purchasing					
Salaries and Wages	\$ 88,700.00	\$ 88,700.00	\$ 83,949.11	\$ 750.89	\$ 4,000.00
Other Expenses	139,000.00	139,000.00	125,910.08	13,089.92	
Insurance					
General Liability	394,000.00	392,000.00	289,968.77	21,863.23	80,168.00
Worker's Compensation Insurance	863,000.00	863,000.00	608,400.65	2,194.80	252,404.55
Employee Group Health	4,098,700.00	4,098,700.00	3,685,837.33	12,862.67	400,000.00
Employee Group Opt-out Payments	13,200.00	13,200.00	11,583.56	1,616.44	
Surety Bonds	50.00	50.00	50.00	-	
Human Resources					
Salaries and Wages	145,300.00	145,300.00	138,744.04	6,555.96	
Other Expenses	23,510.00	23,510.00	15,783.35	7,726.65	
Relocation Assistance					
Other Expenses	5,000.00	5,000.00	-	-	5,000.00

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF PUBLIC WORKS, PARKS & PROPERTY:					
Commissioner of Public Works	\$	\$	\$	\$	\$
Salaries and Wages	102,400.00	77,400.00	63,153.34	2,246.66	12,000.00
Other Expenses	56,000.00	96,000.00	61,683.26	34,316.74	
Director of Public Works					
Salaries and Wages	192,586.00	187,586.00	165,261.11	3,324.89	19,000.00
Other Expenses	28,360.00	44,860.00	36,968.60	7,891.40	
Engineering Fees					
Other Expenses	128,000.00	111,500.00	101,266.78	10,233.22	
Building Maintenance					
Salaries and Wages	233,900.00	208,900.00	188,273.53	2,626.47	18,000.00
Other Expenses	93,700.00	90,700.00	88,050.31	2,649.69	
Boardwalk and Facility Construction					
Salaries and Wages	281,200.00	266,200.00	245,223.11	1,976.89	19,000.00
Other Expenses	16,380.00	13,380.00	13,195.34	184.66	
Special Events					
Other Expenses	58,350.00	59,445.82	59,445.82	-	
Parks					
Salaries and Wages	139,800.00	120,013.98	100,002.76	1,011.22	19,000.00
Other Expenses	27,000.00	45,786.02	42,390.27	3,395.75	
Recreation					
Salaries and Wages	370,700.00	300,593.50	286,977.58	5,615.92	8,000.00
Other Expenses	28,280.00	38,386.50	37,930.31	456.19	

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled	
	Budget	Budget After Modification	Paid or Charged	Reserved		
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC WORKS, PARKS & PROPERTY (Continued):						
Street Maintenance	\$	759,376.00	\$	759,376.00	\$	25,000.00
Salaries and Wages		32,600.00		36,600.00		852.82
Other Expenses						
Storm Recovery		21,600.00		26,600.00		-
Other Expenses						
Environmental Maintenance						
Salaries and Wages		427,414.00		425,414.00		4,349.65
Other Expenses		20,700.00		20,700.00		32.60
Fleet Maintenance						
Salaries and Wages		141,100.00		107,100.00		69.58
Other Expenses		171,000.00		191,000.00		1,321.25
Sanitation/Trash Collection						
Other Expenses		532,400.00		534,400.00		-
Beach Services						
Salaries and Wages		139,400.00		114,400.00		1,687.87
Other Expenses		94,600.00		68,004.18		6,815.39
Tipping Fees						
Other Expenses		371,000.00		395,000.00		-
Land Use Administration						
Salaries and Wages		85,900.00		62,900.00		300.84
Other Expenses		39,500.00		39,500.00		25,688.44
Property Inspectors						
Salaries and Wages		139,500.00		114,500.00		4,808.09
Other Expenses		4,500.00		4,500.00		3,692.18
Redevelopment Agency						
Other Expenses		25,500.00		42,937.50		-
Economic Development						
Other Expenses		97,500.00		97,500.00		-
						31,000.00
						(Continued)

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code					
Other Expenses	\$ 50,000.00	\$ 50,000.00	\$	-	\$ 50,000.00
UNCLASSIFIED:					
Terminal Leave - Salaries and Wages					
Gasoline	70,000.00	70,000.00	70,000.00	-	
Water Service	200,000.00	206,000.00	206,000.00	-	
Street Lighting	122,000.00	136,000.00	122,000.00	14,000.00	
Electricity	325,000.00	365,000.00	365,000.00	-	
Natural Gas	251,000.00	326,000.00	326,000.00	-	
Telephone	75,000.00	75,000.00	69,990.08	5,009.92	
Sewer Service	102,000.00	102,000.00	88,134.02	13,865.98	
Postage	57,000.00	57,000.00	51,457.58	5,542.42	
	54,700.00	54,700.00	39,427.17	15,272.83	
Total Operations Within "CAPS"	23,391,657.00	23,291,657.00	21,165,676.24	646,650.89	1,479,329.87
Contingent	-	-	-	-	
Total Operations Including Contingent Within "CAPS"	23,391,657.00	23,291,657.00	21,165,676.24	646,650.89	1,479,329.87
Detail:					
Salaries and Wages	13,532,276.00	13,179,416.22	12,215,844.15	344,571.99	619,000.08
Other Expenses	9,859,381.00	10,112,240.78	8,949,832.09	302,078.90	860,329.79

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	

**DEFERRED CHARGES AND STATUTORY EXPENDITURES -
MUNICIPAL WITHIN "CAPS"**

Statutory Expenditures:

Contribution to:

Public Employees Retirement System
Defined Contribution Retirement Plan
Social Security System (O.A.S.I.)
Police and Fire Retirement System
Unemployment Comp Ins.

\$	528,200.00	\$	528,200.00	\$	85.19	\$
	14,700.00		14,700.00		1,406.37	
	665,000.00		665,000.00		46,862.37	41,750.00
	1,401,610.72		1,401,610.72		137.64	29,000.00
	53,000.00		53,000.00		5,344.40	

**TOTAL DEFERRED CHARGES AND STATUTORY
EXPENDITURES - MUNICIPAL WITHIN "CAPS"**

	2,662,510.72		2,662,510.72		53,835.97	70,750.00
--	--------------	--	--------------	--	-----------	-----------

**TOTAL GENERAL APPROPRIATIONS FOR
MUNICIPAL PURPOSES WITHIN "CAPS"**

	26,054,167.72		25,954,167.72		700,486.86	1,550,079.87
--	---------------	--	---------------	--	------------	--------------

OPERATIONS EXCLUDED FROM "CAPS":

Insurance

Employee Group Health

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Interlocal Municipal Service Agreements:

Tax Assessor - North Wildwood
Emergency Medical Services - West Wildwood
Municipal Court Services - West Wildwood
Cops in School-WBOE
Police Dispatch - West Wildwood
Emergency Broadcast Notification-West Wildwood
Emergency Medical Services - Lower Township

61,900.00	61,900.00	60,679.60	1,220.40			
15,000.00	15,000.00	15,000.00	-			
19,500.00	19,500.00	19,500.00	-			
60,000.00	60,000.00	60,000.00	-			
35,000.00	35,000.00	35,000.00	-			
1,800.00	1,800.00	1,800.00	-			
5,000.00	5,000.00	5,000.00	-			

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS EXCLUDED FROM "CAPS":					
Public and Private Programs Offset by Revenues:					
Municipal Alliance Program					
Local Share	\$ 1,524.00	\$ 1,524.00	\$ 1,524.00	-	\$ -
Recycling Tonnage	15,926.84	15,926.84	15,926.84	-	-
Body Armor Replacement Program	3,553.11	3,553.11	3,553.11	-	-
Drunk Driving Enforcement Grant	33,121.16	33,121.16	33,121.16	-	-
Matching Funds for Grants	1.00	1.00		1.00	
COPS in Shops - Summer Shore Initiative	7,040.00	7,040.00	7,040.00	-	-
Small Cities CDBG	120,000.00	120,000.00	120,000.00	-	-
ACM JIF Safety Incentive Program.	2,650.00	2,650.00	2,650.00	-	-
ACM JIF Optional Safety Budget Program	2,500.00	2,500.00	2,500.00	-	-
ACM JIF Wellness Program	1,500.00	1,500.00	1,500.00	-	-
ACM JIF EPL/Cyber Risk Management Program	725.00	725.00	725.00	-	-
Alcohol Education, Rehabilitation Program	4,825.49	4,825.49	4,825.49	-	-
GTWIDA Municipal Event Support	100,000.00	100,000.00	100,000.00	-	-
Bulletproof Vest Partnership	5,419.54	5,419.54	5,419.54	-	-
WBID Byrne Plaza and Pacific Avenue Maintenance	10,000.00	10,000.00	10,000.00	-	-
Click It or Ticket Mobilization Grant	5,500.00	5,500.00	5,500.00	-	-
Cooperative Housing Inspection Program	20,632.00	20,632.00	20,632.00	-	-
Clean Communities Program	28,569.33	28,569.33	28,569.33	-	-
Distracted Driving Statewide Crackdown Grant	6,600.00	6,600.00	6,600.00	-	-
NJ Office of Homeland Security & Preparedness	100,000.00	100,000.00	100,000.00	-	-

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD

NEW JERSEY

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 668,287.47	\$ 668,287.47	\$ 667,066.07	\$ 1,221.40	\$ -
Detail:					
Salaries and Wages	354,109.33	354,109.33	352,888.93	1,220.40	-
Other Expenses	314,178.14	314,178.14	314,177.14	1.00	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	118,925.00	118,925.00	118,925.00	-	
Demolition of Buildings	11,900.00	11,900.00	10,300.00	101,600.00	
Boardwalk Repairs	100,000.00	100,000.00	98,440.69	1,559.31	
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	230,825.00	330,825.00	227,665.69	103,159.31	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":					
Payment of Bond Principal	2,260,000.00	2,260,000.00	2,260,000.00	-	43.50
Interest on Bonds	558,300.00	558,300.00	558,256.50	-	26.80
Interest on Notes	55,600.00	55,600.00	55,573.20	0.00	
Green Trust Loan Payment					
Loan Repayments for Principal and Interest	63,900.00	63,900.00	63,895.92	0.00	4.08
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"	2,958,200.00	2,958,200.00	2,958,063.62	0.00	136.38

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY
CURRENT FUND**

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expenditures		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Emergency Authorizations	\$ 42.50	\$ -	\$ 42.50	\$ -	\$ -
Deferred Charges: Unfunded Ord 1079-17	150.00	150.00	150.00	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	192.50	192.50	192.50	-	-
Judgments	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,857,504.97	3,957,504.97	3,852,987.88	104,380.71	136.38
SUBTOTAL GENERAL APPROPRIATIONS	29,911,672.69	29,911,672.69	27,556,588.87	804,867.57	1,550,216.25
Reserve for Uncollected Taxes	189,295.07	189,295.07	189,295.07	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 30,100,967.76	\$ 30,100,967.76	\$ 27,745,883.94	\$ 804,867.57	\$ 1,550,216.25
Original Budget	\$ 30,000,967.76				
Appropriation by N.J.S.A. 40A: 4-87	100,000.00				
	\$ 30,100,967.76				
Deferred Charges		\$ 192.50			
Encumbrances Payable		1,141,765.61			
Federal and State Grants		470,086.47			
Reserve for Uncollected Taxes		189,295.07			
Reimbursed		(95,349.69)			
Cash Disbursed		26,039,893.98			
		\$ 27,745,883.94			

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT B - TRUST FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CITY OF WILDWOOD
NEW JERSEY
TRUST FUND**

Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Animal Control Fund		
Cash	\$ 824.40	\$ 792.00
CDBG Revolving Loan Fund		
Cash	82,200.07	100,643.73
Other Funds:		
Cash	3,625,013.17	3,315,592.80
Change Fund	200.00	200.00
Due from Employees - Payroll	180.40	287.42
Total Other Funds	3,625,393.57	3,316,080.22
TOTAL ASSETS	\$ 3,708,418.04	\$ 3,417,515.95
LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Due to State of New Jersey	\$ 2.40	\$ -
Reserve for Animal Control Expenditures	822.00	792.00
Total Animal Control Fund	824.40	792.00
CDBG Revolving Loan Fund		
Reserve for CDBG Revolving Loan Fund	82,200.07	100,643.73
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	138,903.08	131,102.67
Premiums Received at Tax Sale	781,000.00	839,000.00
Due to State - Surcharge Fees	4,153.00	2,295.00
Due to Federal State - Payroll	-	1,324.14
Reserves:		
Sanitary Landfill Facility Closure	252,434.20	418,190.93
Tourism Development Commission	46,445.13	42,689.25
Developer Fees (Housing)	149,438.72	84,628.98
Accumulated Absences	211,859.52	75,823.14
Storm Recovery	24,396.25	23,360.78
City Beautification Donations	41,721.22	21,575.16
Beach Patrol Donations	6,410.01	7,021.22
Beach Events Donations	3,819.06	11,318.36
Memorial Benches	11,419.40	11,419.40
Recreation Expenditures	19,228.01	31,212.47
Special Events	53,945.10	38,945.10
Parking Offense Adjudication Act	18,705.18	15,225.18
Fire Penalty - Compensatory	45,267.93	39,293.99
Fire Penalty - Dedicated	32,568.68	30,803.18
Police K-9 Unit Donations	15,673.13	13,813.31
Police Youth Camp Prog.Donations	1,166.66	-
UCC Code Enforcement Fees	47,736.90	72,393.90
Police Forfeiture	54,079.21	85,076.19
Self Insurance	850,045.12	453,781.87
Payroll	239,641.28	227,859.02
Lifeguard Pension	469,211.49	476,699.45
Developers Escrow	106,125.29	161,227.53
Total Other Funds	3,625,393.57	3,316,080.22
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 3,708,418.04	\$ 3,417,515.95

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT C - GENERAL CAPITAL FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF WILDWOOD
NEW JERSEY
GENERAL CAPITAL FUND
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 6,103,525.91	\$ 5,662,632.42
Grants Receivable	12,586,039.87	12,943,407.50
Deferred Charges to Future Taxation:		
Funded	14,438,070.27	16,765,024.80
Unfunded	<u>5,393,100.00</u>	<u>3,026,992.50</u>
TOTAL ASSETS	\$ <u>38,520,736.05</u>	\$ <u>38,398,057.22</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Improvement Authorizations:		
Funded	\$ 14,349,602.62	\$ 15,915,153.57
Unfunded	2,428,785.37	1,616,460.81
Bond Anticipation Notes	4,843,000.00	2,476,800.00
General Serial Bonds Payable	13,990,000.00	16,250,000.00
USRDA Loans Payable	304,239.61	311,077.58
Green Trust Loan Payable	143,830.66	203,947.22
Contracts Payable	1,886,814.23	1,110,937.62
Capital Improvement Fund	31,684.00	31,659.00
Reserve for Payment of Bonds & Notes	-	95,379.31
Fund Balance	<u>542,779.56</u>	<u>386,642.11</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ <u>38,520,736.05</u>	\$ <u>38,398,057.22</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2018 and 2017 of \$550,100.00 and \$550,192.50, respectively.

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
GENERAL CAPITAL FUND
Statement of Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance December 31, 2017	\$ <u>386,642.11</u>	\$ <u>70,639.11</u>
Increased by:		
Premium on Note Sale	60,869.60	26,849.56
Funded Improvement Authorizations Cancelled	<u>95,267.85</u>	<u>289,153.44</u>
	<u>156,137.45</u>	<u>316,003.00</u>
Decreased by:	<u>-</u>	<u>-</u>
Balance December 31, 2018	\$ <u><u>542,779.56</u></u>	\$ <u><u>386,642.11</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT D - WATER UTILITY FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CITY OF WILDWOOD
NEW JERSEY**
WATER UTILITY FUND
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,517,832.10	\$ 1,805,677.23
Change Fund	200.00	200.00
	<u>2,518,032.10</u>	<u>1,805,877.23</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	126,557.07	136,296.02
Utility Liens Receivable	306.60	398.00
Inventory	243,999.90	243,458.41
	<u>370,863.57</u>	<u>380,152.43</u>
Total Operating Fund	<u>2,888,895.67</u>	<u>2,186,029.66</u>
Capital Fund:		
Cash	<u>9,383,415.58</u>	<u>12,211,012.16</u>
Fixed Capital:		
Completed	49,765,635.46	43,633,525.46
Authorized and Uncompleted	24,231,940.51	28,093,050.51
	<u>73,997,575.97</u>	<u>71,726,575.97</u>
Total Capital Fund	<u>83,380,991.55</u>	<u>83,937,588.13</u>
TOTAL ASSETS	\$ <u>86,269,887.22</u>	\$ <u>86,123,617.79</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY
WATER UTILITY FUND**
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 379,195.54	\$ 0.00
Encumbrances Payable	466,432.30	247,770.70
Accounts Payable	-	-
Refunds Payable	484.25	188.00
Accrued Interest on Bonds and Notes	197,855.59	165,894.41
Water Rent Overpayments	44,424.42	31,603.18
Escrow Deposits	33,702.24	28,873.58
Due to the State of New Jersey	8,217.12	19,104.52
Reserve - Insurance Proceeds	2,530.00	2,530.00
	<u>1,132,841.46</u>	<u>495,964.39</u>
Reserve for Receivables	370,863.57	380,152.43
Fund Balance	<u>1,385,190.64</u>	<u>1,309,912.84</u>
Total Operating Fund	<u>2,888,895.67</u>	<u>2,186,029.66</u>
Capital Fund:		
Improvement Authorizations:		
Funded	774,513.85	796,773.94
Unfunded	6,492,539.44	7,487,647.90
Contracts Payable	3,949,863.52	5,853,507.04
Bond Anticipation Notes	7,920,000.00	6,149,000.00
Serial Bonds Payable	13,929,000.00	14,905,000.00
NJ Environmental Infrastructure Trust Bonds	2,592,575.55	2,776,399.30
USDA Loan Payable	3,171,014.52	3,231,741.20
Reserve for Amortization	39,315,935.39	37,095,384.96
Deferred Reserve for Amortization	5,058,350.51	5,558,091.50
Reserve To Pay Bonds	-	6,400.77
Capital Improvement Fund	760.85	760.85
Fund Balance	<u>176,437.92</u>	<u>76,880.67</u>
Total Capital Fund	<u>83,380,991.55</u>	<u>83,937,588.13</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 86,269,887.22</u>	<u>\$ 86,123,617.79</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2018 and 2017 of \$2,010,700.00 and \$2,010,959.01, respectively.

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**

WATER UTILITY OPERATING FUND

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	2018	2017
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 520,000.00	\$ 1,339,500.00
Water Rents	7,916,714.99	7,205,637.71
Miscellaneous	235,049.16	141,771.03
Reserve to Pay Bonds	6,400.77	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	71,546.26	619,282.27
Prior Year Accounts Payable Canceled	-	1,532.50
Prior Year Refunds Payable Canceled	-	314.31
Total Income	<u>8,749,711.18</u>	<u>9,308,037.82</u>
<u>Expenditures</u>		
Operating:		
Salaries and Wages	1,833,426.15	1,720,917.90
Other Expenses	1,939,883.04	1,652,865.66
Capital Improvements	1,065,000.00	2,108,606.13
Debt Service	2,021,757.99	1,641,558.74
Deferred Charges and Statutory Expenditures	1,039,482.20	822,624.62
Surplus (General Budget)	254,884.00	232,841.00
Refund of Prior Year Revenue	-	266.09
Total Expenditures	<u>8,154,433.38</u>	<u>8,179,680.14</u>
Excess in Revenue	595,277.80	1,128,357.68
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	595,277.80	1,128,357.68
Fund Balance, January 1	<u>1,309,912.84</u>	<u>1,521,055.16</u>
Total	1,905,190.64	2,649,412.84
Decreased by:		
Utilization as Anticipated Revenue	<u>520,000.00</u>	<u>1,339,500.00</u>
Fund Balance, December 31	<u>\$ 1,385,190.64</u>	<u>\$ 1,309,912.84</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
WATER UTILITY CAPITAL FUND
Statement of Capital Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance December 31, 2017	\$ 76,880.67	\$ 335,222.89
Increased by:		
Premium on Note Sale	<u>99,557.25</u>	<u>66,657.78</u>
	176,437.92	401,880.67
Decreased by:		
Appropriated to finance Improvement Authorization	<u>-</u>	<u>325,000.00</u>
Balance December 31, 2018	\$ <u><u>176,437.92</u></u>	\$ <u><u>76,880.67</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
WATER UTILITY OPERATING FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	\$ 520,000.00	\$ 520,000.00	\$ -
Anticipated Revenue:			
Water Rents	7,205,637.71	7,322,352.70	116,714.99
Miscellaneous	127,000.00	235,049.16	108,049.16
Additional Rents	594,362.29	594,362.29	-
Reserve to Pay Bonds	6,400.00	6,400.77	0.77
	\$ <u>8,453,400.00</u>	\$ <u>8,678,164.92</u>	\$ <u>224,764.92</u>

Analysis of Realized Revenue

Water Rents

Consumer Accounts Receivable	\$ 7,290,749.52
Water Rent Overpayment Applied	<u>31,603.18</u>
	\$ <u>7,322,352.70</u>

Miscellaneous

Interest on Investments	\$ 148,851.66
Miscellaneous	<u>86,197.50</u>
	\$ <u>235,049.16</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
WATER UTILITY OPERATING FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATING					
Salaries and Wages	\$ 2,096,300.00	\$ 2,044,100.00	\$ 1,829,093.37	\$ 4,332.78	\$ 210,673.85
Other Expenses	1,109,394.72	1,109,394.72	887,547.23	219,847.49	2,000.00
Terminal Leave - Salaries and Wages	1.00	30,001.00	30,000.00	1.00	
Insurance	837,100.00	837,100.00	790,593.77	11,893.55	34,612.68
	<u>4,042,795.72</u>	<u>4,020,595.72</u>	<u>3,537,234.37</u>	<u>236,074.82</u>	<u>247,286.53</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	500,000.00	500,000.00	500,000.00	-	-
Capital Outlay	565,000.00	565,000.00	425,458.00	139,542.00	-
	<u>1,065,000.00</u>	<u>1,065,000.00</u>	<u>925,458.00</u>	<u>139,542.00</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	1,220,600.00	1,220,600.00	1,220,550.43	0.00	49.57
Interest on Bonds	660,100.00	660,100.00	635,085.57	0.00	25,014.43
Interest on Notes	144,000.00	166,200.00	166,121.99	0.00	78.01
	<u>2,024,700.00</u>	<u>2,046,900.00</u>	<u>2,021,757.99</u>	<u>0.00</u>	<u>25,142.01</u>

(Continued)

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**
WATER UTILITY OPERATING FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges:					
City of Wildwood - Indirect Costs	\$ 682,199.27	\$ 682,199.27	\$ 682,199.27	-	\$ -
City of Wildwood - Rio Grande Phase 1	10,862.00	10,862.00	10,862.00	-	-
Unfunded Ord#1082-17	259.01	259.01	259.01	-	-
Statutory Expenditures:					
Contributions to -					
Public Employee Retirement System	199,600.00	199,600.00	199,579.67	(0.00)	20.33
Defined Contribution Retirement Program	5,300.00	5,300.00	1,721.28	3,578.72	
Social Security System (O.A.S.I.)	160,400.00	160,400.00	134,723.15	-	25,676.85
Unemployment Compensation	7,400.00	7,400.00	6,559.10	-	840.90
	1,066,020.28	1,066,020.28	1,035,903.48	3,578.72	26,538.08
SURPLUS (GENERAL BUDGET)	254,884.00	254,884.00	254,884.00	-	-
TOTAL WATER UTILITY APPROPRIATIONS	\$ 8,453,400.00	\$ 8,453,400.00	\$ 7,775,237.84	\$ 379,195.54	\$ 298,966.62

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT E - SEWER UTILITY FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF WILDWOOD
NEW JERSEY
SEWER UTILITY FUND
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,277,853.97	\$ 1,529,235.56
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	57,475.00	51,078.64
Utility Liens Receivable	23,793.47	31,787.49
	<u>81,268.47</u>	<u>82,866.13</u>
Total Operating Fund	<u>2,359,122.44</u>	<u>1,612,101.69</u>
Capital Fund:		
Cash	3,433,254.54	2,607,698.94
Grants Receivable	0.00	32,005.78
Fixed Capital -		
Completed	20,660,788.51	20,161,000.25
Authorized and Uncompleted	6,466,527.55	6,011,187.16
	<u>30,560,570.60</u>	<u>28,811,892.13</u>
Total Capital Fund	<u>30,560,570.60</u>	<u>28,811,892.13</u>
TOTAL ASSETS	\$ <u>32,919,693.04</u>	\$ <u>30,423,993.82</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
SEWER UTILITY FUND
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 330,169.41	\$ 131,603.60
Encumbrances Payable	65,772.81	54,718.60
Accounts Payable	4,204.28	-
Accrued Interest on Bonds and Notes	99,591.53	87,153.00
Sewer Rent Overpayments	91,782.32	52,103.27
	<u>591,520.35</u>	<u>325,578.47</u>
Reserve for Receivables	81,268.47	82,866.13
Fund Balance	<u>1,686,333.62</u>	<u>1,203,657.09</u>
Total Operating Fund	<u>2,359,122.44</u>	<u>1,612,101.69</u>
Capital Fund:		
Improvement Authorizations:		
Funded	655,695.56	708,079.46
Unfunded	2,332,892.77	1,977,403.93
Contracts Payable	630,110.77	228,146.44
Bond Anticipation Notes	2,649,000.00	1,620,200.00
Serial Bonds Payable	2,801,000.00	2,990,000.00
USDA Loan Payable	9,483,586.53	9,644,152.99
Reserve for Amortization	10,913,213.98	10,525,847.26
Reserve for Deferred Amortization	848,486.90	916,028.33
Reserve to Pay Bonds	32,871.67	4,453.56
Reserve to Pay Loans	31,781.44	48,951.17
Capital Improvement Fund	22,907.38	22,907.38
Fund Balance	<u>159,023.60</u>	<u>125,721.61</u>
Total Capital Fund	<u>30,560,570.60</u>	<u>28,811,892.13</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u>\$ 32,919,693.04</u>	 <u>\$ 30,423,993.82</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2018 and 2017 of \$476,000.00 and \$475,958.83, respectively.

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**
SEWER UTILITY OPERATING FUND
Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ -	\$ -
Sewer Rents	5,026,130.89	5,076,521.44
Interest on Investments	54,865.95	24,464.79
Miscellaneous	46,253.77	130,094.84
ARRA Debt Service Subsidy	21,347.80	21,580.22
Reserve to Pay Loan	17,169.73	16,748.40
Reserve to Pay Bonds	1,381.89	
Additional Rents	530,181.56	
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	139,445.27	69,801.92
Accounts Payable Canceled	-	126.50
Total Income	<u>5,836,776.86</u>	<u>5,339,338.11</u>
<u>Expenditures</u>		
Operating:		
Salaries and Wages	465,000.00	438,311.95
Other Expenses	3,975,701.00	3,976,799.00
Capital Improvements	20,002.00	-
Debt Service	812,597.33	651,737.63
Deferred Charges and Statutory Expenditures	80,800.00	70,147.90
Total Expenditures	<u>5,354,100.33</u>	<u>5,136,996.48</u>
Excess in Revenue	482,676.53	202,341.63
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	482,676.53	202,341.63
Fund Balance, January 1	<u>1,203,657.09</u>	<u>1,001,315.46</u>
Total	1,686,333.62	1,203,657.09
Decreased by:		
Utilization as Anticipated Revenue	-	-
Fund Balance, December 31	<u>\$ 1,686,333.62</u>	<u>\$ 1,203,657.09</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF WILDWOOD
NEW JERSEY
SEWER UTILITY CAPITAL FUND
Statement of Capital Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance December 31, 2017	\$ 125,721.61	\$ 108,157.95
Increased by:		
Premium on Note Sale	<u>33,301.99</u>	<u>17,563.66</u>
Balance December 31, 2018	\$ <u><u>159,023.60</u></u>	\$ <u><u>125,721.61</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**
SEWER UTILITY OPERATING FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Anticipated Revenue:			
Sewer Rents	\$ 5,076,521.44	\$ 5,026,130.89	\$ (50,390.55)
Interest on Investments	10,000.00	54,865.95	44,865.95
Miscellaneous	50,000.00	46,253.77	(3,746.23)
ARRA Debt Service Subsidy	11,000.00	21,347.80	10,347.80
Reserve to Pay Loan	17,000.00	17,169.73	169.73
Reserve to Pay Bonds	1,300.00	1,381.89	81.89
Additional Rents	<u>530,181.56</u>	<u>530,181.56</u>	<u>-</u>
	<u>\$ 5,696,003.00</u>	<u>\$ 5,697,331.59</u>	<u>\$ 1,328.59</u>

Analysis of Realized Revenue

Sewer Rents

Consumer Accounts Receivable	\$ 5,548,693.43
Sewer Utility Lien Collections	<u>7,619.02</u>
	<u>\$ 5,556,312.45</u>

Miscellaneous

Interest on Delinquent Rents	\$ 31,003.77
Miscellaneous	<u>15,250.00</u>
	<u>\$ 46,253.77</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF WILDWOOD
NEW JERSEY**
SEWER UTILITY OPERATING FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATING					
Salaries and Wages	\$ 594,800.00	\$ 587,200.00	\$ 456,049.32	\$ 8,950.68	\$ 122,200.00
Other Expenses	340,100.00	340,100.00	151,902.35	188,197.65	0.00
Terminal Leave - Salaries and Wages	1.00	1.00	-	1.00	0.00
Insurance	275,700.00	275,700.00	188,935.02	7,764.98	79,000.00
CMCMUA	3,571,600.00	3,571,600.00	3,322,522.00	116,378.00	132,700.00
	4,782,201.00	4,774,601.00	4,119,408.69	321,292.31	333,900.00
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	1.00	1.00	-	1.00	0.00
Capital Outlay	20,001.00	20,001.00	17,728.98	2,272.02	0.00
	20,002.00	20,002.00	17,728.98	2,273.02	-
DEBT SERVICE					
Payment of Bond Principal	349,600.00	349,600.00	349,566.46	(0.00)	33.54
Payment of Bond Anticipation Notes and Capital Notes	0.00	-	-	-	-
Interest on Bonds	415,400.00	415,400.00	415,324.27	(0.00)	75.73
Interest on Notes	40,200.00	47,800.00	47,706.60	0.00	93.40
	805,200.00	812,800.00	812,597.33	(0.00)	202.67
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges:					
Unfunded Ordinance	58.83	58.83	58.83	-	0.00
Statutory Expenditures:					
Contributions to -					
Public Employee Retirement System	39,500.00	39,500.00	39,492.50	7.50	6,500.00
Social Security System (O.A.S.I.)	46,041.17	46,041.17	32,968.80	6,572.37	1,300.00
Unemployment Compensation	3,000.00	3,000.00	1,675.79	24.21	7,800.00
	88,600.00	88,600.00	74,195.92	6,604.08	-
TOTAL SEWER UTILITY APPROPRIATIONS	\$ 5,696,003.00	\$ 5,696,003.00	\$ 5,023,930.92	\$ 330,169.41	\$ 341,902.67

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF WILDWOOD
NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
 Comparative Statement of General Fixed Assets - Regulatory Basis
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
General Fixed Assets:		
Land	\$ 24,903,100.00	\$ 24,903,100.00
Land Improvements	5,393,879.00	5,393,879.00
Buildings and Building Improvements	24,026,760.00	23,995,166.00
Machinery and Equipment	<u>12,084,051.00</u>	<u>12,049,194.00</u>
Total General Fixed Assets	<u><u>66,407,790.00</u></u>	<u><u>66,341,339.00</u></u>
Investment in General Fixed Assets	\$ <u><u>66,407,790.00</u></u>	\$ <u><u>66,341,339.00</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

NOTES TO THE FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar years ended December 31, 2018 and 2017.

	Balance as of 12/31/16	Additions	Disposals	Balance as of 12/31/17
Land	\$ 24,903,100			24,903,100
Land Improvements	5,324,058	69,821		5,393,879
Buildings and Building Improvements	23,895,166	100,000		23,995,166
Machinery and Equipment	11,356,453	734,973	(42,232)	12,049,194
	<u>\$ 65,478,777</u>	<u>904,794</u>	<u>(42,232)</u>	<u>66,341,339</u>
	Balance as of 12/31/17	Additions	Disposals	Balance as of 12/31/18
Land	\$ 24,903,100			24,903,100
Land Improvements	5,393,879			5,393,879
Buildings and Building Improvements	23,995,166	31,594		24,026,760
Machinery and Equipment	12,049,194	84,186	(49,329)	12,084,051
	<u>\$ 66,341,339</u>	<u>115,780</u>	<u>(49,329)</u>	<u>66,407,790</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
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 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.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, 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 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$189,295 and \$92,069. To balance the budget, the City is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$2,571,000 and \$2,204,000.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 2018 and 2017 calendar years:

Budget Category	2018	2017
Current Fund		
Commissioner of Public Works		
Other Expenses	40,000	
Recreation		
Salaries and Wages	(70,107)	
Police		
Salaries & Wages	(95,000)	(65,941)
Other Expenses		65,941
Purchase of Vehicles		
State Fire Prevention Code		
Salaries & Wages	48,650	
Tax Assessment		
Other Expenses		44,000
Electricity	75,000	
Street Lighting	40,000	

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 2018 and 2017, they were as follows:

	2018	2017
GWTIDA - Muni Event Support	-	\$ 100,000
SHSP - Secure The Shore	\$ 100,000	-
Click it or Ticket	-	-
COPS in Shops	-	6,200
WBID Community Policing	-	20,000
Small Cities	-	-
Byrne Fund for Wildwood	-	810,000
AMC JIF Wellness Incentive	-	1,500
AMC JIF Safety Incentive	-	2,500
FEMA SAFER Volunteer Grant	-	350,400
FEMA SAFER Hiring Grant	-	481,984
	<u>\$ 100,000</u>	<u>1,772,584</u>

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

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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, 2018 was \$0 and \$0 respectively.

Note 3: INVESTMENTS

As of December 31, 2018 and 2017, 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.

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, 2018 and 2017, \$1,617,547 and \$1,619,179 of the City's bank balance of \$34,293,744 and \$34,393,201, respectively were exposed to custodial credit risk.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	Balance as of 12/31/16	Additions	Reductions	Balance as of 12/31/17	Due in One Year
General	\$ 11,844,506	10,075,000	5,154,481	16,765,025	2,326,955
Water Utility	16,160,296	11,560,000	6,807,156	20,913,140	1,220,550
Sewer Utility	10,275,922	3,243,000	884,769	12,634,153	349,566
Comp Absences	3,739,072	2,331,058	2,116,886	3,953,244	
Total	<u>\$ 42,019,796</u>	<u>27,209,058</u>	<u>14,963,292</u>	<u>54,265,562</u>	<u>3,897,071</u>

	Balance as of 12/31/17	Additions	Reductions	Balance as of 12/31/18	Due in One Year
General	\$ 16,765,025	-	2,326,955	14,438,070	2,379,601
Water Utility	20,913,140	-	1,220,550	19,692,590	1,221,924
Sewer Utility	12,634,153	-	349,566	12,284,587	354,743
Comp Absences	3,953,244	2,028,899	1,819,737	4,162,406	-
Total	<u>\$ 54,265,562</u>	<u>2,028,899</u>	<u>5,716,808</u>	<u>50,577,653</u>	<u>3,956,268</u>

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Paid by Current Fund:

\$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. \$745,000 of principal was paid on 11/01/18. The balance remaining as of December 31, 2018 was \$2,420,000.

\$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, 2018 was \$1,750,000.

\$3,069,000 Refunding Bonds dated 5/16/17 payable in annual installments through 5/1/21. Interest is paid semiannually at the rate of 4.00% per annum. The balance remaining as of December 31, 2018 was \$3,069,000.

\$7,006,000 General Improvement Bonds dated 10/20/17 payable in annual installments through 9/15/33. Interest is paid semiannually at rates varying from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2018 was \$6,751,000.

\$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 \$34,850 of principal was paid during 2018. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2018 was \$17,687.

\$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 \$16,350 of principal was paid during 2018. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2018 was \$68,754.

\$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 \$8,916 of principal was paid during 2018. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2018 was \$57,390.

\$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 \$3,156 of principal was paid during 2018. Interest is payable at 4.50% per annum. The balance remaining as of December 31, 2018 was \$138,067.

\$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 \$3,682 of principal was paid during 2018. Interest is payable at 4.25% per annum. The balance remaining as of December 31, 2018 was \$166,173.

Paid by Water Utility Fund:

\$9,903,000 Water Bond dated 05/01/08 payable in annual installments through 05/01/2018. \$485,000 of principal was paid on 05/01/18. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2018 was \$0.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

\$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. \$145,000 of principal was paid on 11/1/18. The balance remaining as of December 31, 2018 was \$440,000.

\$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, 2018 was \$2,110,000.

\$5,929,000 Refunding Bonds dated 5/16/17 payable in annual installments through 5/01/28. Interest is paid semiannually at rates varying from 4.00% to 5.00% per annum. The balance remaining as of December 31, 2018 was \$5,292,000.

\$6,268,000 General Improvement Bonds dated 10/20/17 payable in annual installments through 9/15/37. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2018 was \$6,087,000.

\$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. \$12,960 of principal was paid during 2018. Interest is payable at 4.125% per annum. The balance remaining as of December 31, 2018 was \$703,277.

\$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. \$7,174 of principal was paid during 2018. Interest is payable at 2.125% per annum. The balance remaining as of December 31, 2018 was \$375,600.

\$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. \$4,634 of principal was paid during 2018. Interest is payable at 2.375% per annum. The balance remaining as of December 31, 2018 was \$254,888.

\$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. \$6,620 of principal was paid during 2018. Interest is payable at 2.000% per annum. The balance remaining as of December 31, 2018 was \$365,529.

\$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. \$29,339 of principal was paid during 2018. Interest is payable at 1.375% per annum. The balance remaining as of December 31, 2018 was \$1,471,721.

\$625,000 N.J. Environmental Trust Loan Bond dated 11/10/2007 payable in annual installments through 08/01/2025. \$35,000 of principal was paid on 08/01/18. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2018 was \$290,000.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

\$621,500 N.J. Environmental Fund Loan Bond dated 11/10/2007 payable in annual installments through 08/01/2025 bearing no interest. \$31,959 of principal was paid on 08/01/18. The balance remaining as of December 31, 2018 was \$222,745.

\$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 2018. The balance remaining as of December 31, 2018 was \$530,000.

\$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 2018. The balance remaining as of December 31, 2018 was \$1,549,831.

Paid by Sewer Utility Fund:

\$1,079,000 Sewer Bond dated 05/01/08 payable in annual installments through 05/01/2018. \$50,000 of principal was paid on 05/01/18. Interest is paid semiannually at varying rates. The balance remaining as of December 31, 2018 was \$0.

\$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, 2018 was \$715,000.

\$574,000 Refunding Bonds dated 5/16/17 payable in annual installments through 5/1/28. Interest is paid semiannually at rates varying from 4.00% to 5.00% per annum. The balance remaining as of December 31, 2018 was \$574,000.

\$1,581,000 General Improvement Bonds dated 10/20/17 payable in annual installments through 9/15/31. Interest is paid semiannually at rates varying from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2018 was \$1,512,000.

\$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. \$4,393 of principal was paid during 2018. Interest is payable at 4.125% per annum. The balance remaining as of December 31, 2018 was \$238,361.

\$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. \$22,552 of principal was paid during 2018. Interest is payable at 4.25% per annum. The balance remaining as of December 31, 2018 was \$1,223,666.

\$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. \$19,943 of principal was paid during 2018. Interest is payable at 4.5% per annum. The balance remaining as of December 31, 2018 was \$1,280,928.

\$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

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 2018, the City made principal payments of \$23,909. The rebate amount received in 2018 was \$22,808. The balance remaining as of December 31, 2018 was \$1,561,759.

\$1,136,000 USDA/Rural Development Loan dated 7/15/2011 payable in semiannual installments of \$22,550 through 7/15/2051. \$19,499 of principal was paid during 2018. The payment includes principal and interest. Interest is payable at 2.5% per annum. The balance remaining as of December 31, 2018 was \$1,009,293.

\$1,064,000 USDA/Rural Development Loan dated 4/25/2014 payable in semiannual installments of \$22,550 through 4/25/2054. \$17,170 of principal was paid during 2018. The payment includes principal and interest. Interest is payable at 2.5% per annum. The balance remaining as of December 31, 2018 was \$989,987.

\$2,236,000 USDA/Rural Development Loan dated 5/28/2015 payable in semiannual installments of \$41,635 through 5/28/2055. \$37,896 of principal was paid during 2018. The payment includes principal and interest. Interest is payable at 2.5% per annum. The balance remaining as of December 31, 2018 was \$2,106,797.

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
2019	2,329,000	503,930	972,000	519,330	189,000	105,340
2020	2,425,000	418,500	1,001,000	487,030	194,000	99,870
2021	2,512,000	327,900	1,141,000	452,120	262,000	93,630
2022	829,000	253,150	1,040,000	408,750	241,000	83,150
2023	855,000	101,550	1,065,000	368,550	250,000	73,900
2024-2028	2,505,000	844,800	5,485,000	1,146,175	1,265,000	210,750
2029-2033	2,535,000	232,800	1,785,000	381,000	400,000	25,450
2034-2037	-	-	1,440,000	108,000		
	<u>\$ 13,990,000</u>	<u>2,682,630</u>	<u>13,929,000</u>	<u>3,870,955</u>	<u>2,801,000</u>	<u>692,090</u>

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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
2019	7,140	13,198	62,067	70,173	165,743	282,688
2020	7,455	12,883	63,444	68,796	171,035	277,759
2021	7,784	12,554	64,859	67,381	176,647	272,526
2022	8,127	12,211	66,313	65,927	182,389	267,178
2023	8,486	11,852	67,807	64,433	188,333	261,644
2024-2028	48,391	53,299	362,950	298,250	1,038,370	1,218,302
2029-2033	60,058	41,632	407,169	254,031	1,222,253	1,047,578
2034-2038	74,541	27,149	458,188	203,012	1,441,713	844,258
2039-2043	82,258	9,295	517,260	143,940	1,705,223	600,542
2044-2088			512,059	78,161	1,862,151	315,008
2049-2053			416,625	33,385	1,018,430	98,580
2054-2057			172,274	3,873	311,299	13,469
	<u>\$ 304,240</u>	<u>194,073</u>	<u>3,171,015</u>	<u>1,351,362</u>	<u>9,483,586</u>	<u>5,499,532</u>

{This space intentionally left blank}

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

Year	General Capital	
	Principal	Interest
2019	43,461	2,572
2020	26,292	1,877
2021	26,821	1,348
2022	27,360	809
2023	9,849	349
2024	10,047	151
	<u>\$ 143,830</u>	<u>7,105</u>

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

Year	Water	
	Principal	Interest
2019	187,857	36,094
2020	195,140	33,356
2021	193,970	30,306
2022	192,833	27,306
2023	204,945	24,306
2024-2028	796,645	75,506
2029-2033	679,322	32,800
2034	141,865	1,800
	<u>\$ 2,592,577</u>	<u>261,474</u>

As of December 31, 2018 and 2017, the carrying value of the above bonds approximates the fair value of the bonds.

{This space intentionally left blank}

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General:			
Bonds & Notes Issued	\$ 18,833,000	\$ 18,726,800	\$ 19,176,000
Green Trust Loans	143,831	203,947	262,879
USRDA Loans	304,240	311,078	317,626
Water and Sewer:			
Bonds & Notes Issued	27,299,000	25,664,200	21,053,000
USRDA Loans	12,654,602	12,875,894	11,988,085
NJ Environmental Loan	2,592,576	2,776,399	2,961,132
Total Debt Issued	<u>61,827,249</u>	<u>60,558,318</u>	<u>55,758,722</u>
<u>Authorized but not issued:</u>			
General:			
Bonds & Notes	550,100	550,192	381
Water and Sewer:			
Bonds & Notes	<u>2,486,700</u>	<u>2,486,918</u>	<u>3,106,882</u>
Bonds & Notes Authorized But Not Issued	<u>3,036,800</u>	<u>3,037,110</u>	<u>3,107,263</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>64,864,049</u>	<u>63,595,428</u>	<u>58,865,985</u>
Deductions:			
Reserve for Payment of Bonds/Notes	-	95,379	51,380
Self-liquidating Debt	<u>45,032,877</u>	<u>43,803,412</u>	<u>39,109,098</u>
Total Deductions	<u>45,032,877</u>	<u>43,898,791</u>	<u>39,160,478</u>
Net Debt	<u>\$ 19,831,172</u>	<u>19,696,637</u>	<u>19,705,507</u>

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 1.416%.

	Gross Debt	Deductions	Net Debt
Self-Liquidating Purpose	\$ 45,032,877	45,032,877	-
General Debt	19,831,170	-	19,831,170
	<u>\$ 64,864,047</u>	<u>45,032,877</u>	<u>19,831,170</u>

Net Debt \$19,831,170 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$1,400,431,533= 1.416%.

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)	\$ 49,015,104
Net Debt	19,831,170
Remaining Borrowing Power	<u>\$ 29,183,934</u>

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.

{This space intentionally left blank}

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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	\$ 8,749,711

Deductions:	
Operating and Maintenance Costs	\$ 4,941,471
Debt Service per Water Fund	<u>2,021,758</u>
Total Deductions	<u>6,963,229</u>
Excess in Revenues	<u><u>\$ 1,786,482</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	\$ 5,836,777

Deductions	
Operating and Maintenance Costs	\$ 4,523,774
Debt Service per Sewer Fund	<u>812,597</u>
Total Deductions	<u>5,336,371</u>
Excess in Revenues	<u><u>\$ 500,406</u></u>

Note 6: NOTES

Bond Anticipation, Special Emergency Notes and Emergency Notes

The City has outstanding at December 31, 2018 and 2017, bond anticipation notes in the amount of \$15,412,000 and \$10,246,000, respectively. The December 31, 2017 amount payable to Cede & Co. is \$10,246,000. Of the December 31, 2018 amount payable to Oppenheimer & Co.,

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

\$15,412,000 bears an interest rate of 3.50% and will mature on October 18, 2019. Of this note \$0 is a Special Emergency in the Current Fund.

Short term notes as of December 31, 2018 and 2017 consisted of the following:

	Balance as of 12/31/16	Additions	Reductions	Balance as of 12/31/17
General	\$ 7,912,000	2,476,800	7,912,000	2,476,800
Sewer Utility	9,566,000	7,769,200	9,566,000	7,769,200
Special Emergency	83,000		83,000	-
Total	<u>\$ 17,561,000</u>	<u>10,246,000</u>	<u>17,561,000</u>	<u>10,246,000</u>

	Balance as of 12/31/17	Additions	Reductions	Balance as of 12/31/18
General	\$ 2,476,800	2,366,200		4,843,000
Utility	7,769,200	2,800,000	200	10,569,000
Special Emergency	-			-
Total	<u>\$ 10,246,000</u>	<u>5,166,200</u>	<u>200</u>	<u>15,412,000</u>

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 were as follows:

Current Fund	\$2,000,000
Water Utility	462,200
Sewer Utility	290,000

{This space intentionally left blank}

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 8: SCHOOL TAXES

Local District School Tax in the amounts of \$11,196,941 and \$10,977,393 have been raised for the 2018 and 2017 calendar year, respectively and \$11,196,941 and \$10,977,393 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 9: 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 12/31/18	Balance 12/31/17
Prepaid Taxes	\$ 1,126,476	1,705,464
Cash Liability for Taxes Collected in Advance	\$ 1,126,476	1,705,464

Note 10: 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>.

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.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 7.34% thru June 30, 2018 and 7.50% from July 1, 2018 to December 31, 2018 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 13.37% of covered payroll and for PFRS a rate of 27.35% of covered payroll. The City's contributions to PERS for the years ending December 31, 2018, 2017 and 2016 were \$772,571, \$733,770 and \$708,744 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, 2018, 2017 and 2016 were \$1,400,514, \$1,173,681 and \$1,138,068 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.

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.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11: 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, 2018, 2017 and 2016 were \$0, \$0 and \$0, respectively. The City's trust for the Lifeguard Pension at December 31, 2018 was \$469,211. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the years ended December 31, 2018, 2017 and 2016 were \$32,714, \$36,635 and \$71,673, respectively.

Note 12: 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, 2018:

Public Employees' Retirement System

The City has a liability of \$16,278,075 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion is 0.08267387980%, which was an increase of 4.79% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City would have recognized pension expense of \$1,088,230. At December 31, 2018, the City would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,682,357	5,204,863
Net difference between projected and actual experience	310,425	83,935
Net difference between projected and actual earnings on pension plan investments		152,689
Changes in proportion and differences between City contributions and proportionate share of contributions	992,841	167,451
Total	<u>\$ 3,985,623</u>	<u>5,608,938</u>

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,	
2019	\$ 65,500
2020	(112,257)
2021	(720,009)
2022	(645,079)
2023	(211,470)
Total	<u>\$ (1,623,315)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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 2013 using a generational approach based on the Conduent modified 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

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 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 5.66%, 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 (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
City's proportionate share of the net pension liability	\$ 19,570,364	16,278,075	13,517,715

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 \$20,857,716 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion is 0.15414024560%, which is an increase of 3.20% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City would have recognized pension expense of \$2,289,296. At December 31, 2018, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,790,354	5,345,473
Net difference between projected and actual earnings on pension plan investments		114,111
Net difference between projected and actual experience	212,200	86,314
Changes in proportion and differences between City contributions and proportionate share of contributions	2,653,880	182,606
Total	<u>\$ 4,656,434</u>	<u>5,728,504</u>

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,	
2019	\$ 47,258
2020	(185,983)
2021	(502,911)
2022	(326,103)
2023	(104,331)
Total	<u>\$ (1,072,070)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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 collective net pension liability of the participating employers as of June 30, 2018, 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 (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
City's proportionate share of the net pension liability	\$ 27,170,129	20,857,719	15,652,176

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, 2018 State special funding situation net pension liability amounts of \$1,838,050,687, 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, 2018 State special funding situation pension expense of \$217,714,180 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. 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 0.15414024560%. The net pension liability amounts allocated to the City was \$2,833,176. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$335,585 is allocated to the City.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 13: POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

	June 30, 2018	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 15,981,103,227	\$ 24,535,628
Plan Fiduciary Net Position	314,485,086	482,826
Net OPEB Liability	<u>\$ 15,666,618,141</u>	<u>\$ 24,052,802</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.97%

At June 30, 2018 the City's proportionate share of the Collective Net OPEB Liability was \$24,052,802. The State's proportionate share for the Special Funding Situation that is associated with the City is \$18,587,287. The City's proportion of the Collective Net OPEB Liability was 0.153529% which was an increase from the prior year of 5.28%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.299127% which was an increase from the prior year of 4.08%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 24,052,802
State's proportionate share that is associated with the Borough	18,587,287
Total	<u>\$ 42,640,089</u>

For the Year ended June 30, 2018 the City's Total OPEB Expense was \$1,106,511 and the State of New Jersey realized Total OPEB Expense in the amount of \$562,659 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB 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:

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

		1% Decrease (2.87%)		Discount Rate (3.87%)		1% Increase (4.87%)
Collective						
Net OPEB Liability	\$	18,381,085,096	\$	15,666,618,141	\$	13,498,373,388
Proportionate Share						
Net OPEB Liability	\$	28,220,296	\$	24,052,802	\$	20,723,918

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective						
Net OPEB Liability	\$	13,068,471,450	\$	15,666,618,141	\$	19,029,006,023
Proportionate Share						
Net OPEB Liability	\$	20,063,893	\$	24,052,802	\$	29,215,042

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,180,882,321)	\$	\$ 4,883,577
Changes of assumptions		(3,974,042,874)		6,101,308
Net difference between projected and actual earnings on OPEB plan investments	8,279,239		12,711	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)	1,531,504	266,426
Total	\$ 2,115,007,508	\$ (9,261,653,464)	\$ 1,544,215	\$ 11,251,311

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals	Proportionate Share
2019	\$ (1,049,390,011)	\$ (1,425,358)
2020	(1,049,390,011)	(1,425,358)
2021	(1,049,390,011)	(1,425,358)
2022	(1,050,264,681)	(1,426,546)
2023	(1,051,678,489)	(1,428,466)
Thereafter	(1,896,532,753)	(2,576,010)
Total	\$ <u>(7,146,645,956)</u>	\$ <u>(9,707,096)</u>

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

Service cost	\$ 896,235,148
Interest on Total OPEB Liability	764,082,232
Expected Investment Return	(9,389,460)
Administrative Expenses	8,200,113
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(445,501,726)
Changes in Assumptions	(606,176,763)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	2,288,478
Total Collective OPEB Expense	\$ <u>609,738,022</u>

Schedule of City's Share of Net OPEB Liability

	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	0.452656%
City's Share of Net OPEB Liability	\$ 24,052,802
City's Covered Payroll	11,347,579
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	211.96%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14: POST-RETIREMENT BENEFITS

The City also provides dental and vision coverage for retirees but not through the NJSHBP.

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The City reports all OPEB related costs on the “pay as you go” basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the City.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 189 total participants including 45 retirees.

Annual OPEB Cost and Net OPEB Liability

The City’s annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

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

In the December 31, 2018 actuarial valuation, the “Entry-Age-Normal as a Percentage of Salary” method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 3.00% and annual health insurance cost trend rate of 3.25%. In addition, the unfunded actuarial accrued liability is being amortized period of 20 years.

Other Post-employment Benefit Costs and Obligations

In the December 31, 2018 actuarial valuation, the Actuarially Determined Contribution for the year’s ending December 31, 2018 and 2017 were projected as follows:

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>12/31/2018</u>
Service Cost	\$ 45,472.00
30 Year Amortization of NOL at 3.00	35,428.00
Actuarially Determined Contribution	<u>80,900.00</u>
Actual Contribution	49,300.00
Contribution deficiency	<u>\$ (31,600.00)</u>
Covered Payroll	\$ 13,532,276.00
Actuarially Determined Contribution as a % of Covered Payroll	0.60%

The following reflects the change in the Total OPEB Liability as of the December 31, 2018 valuation date for the year ended December 31, 2018.

	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 1,162,149
Changes for the Year:	
Service Cost	45,472
Interest	35,428
Benefit Payments	(49,300)
OPEB Liability, End of Year	<u>\$ 1,193,749</u>
Covered payroll (for Covered Participants)	\$ 13,532,276
Total OPEB liability as a percentage of covered payroll	8.82%

Sensitivity of the total OPEB liability to changes in the discount rate.

The December 31, 2018 valuation was prepared using a discount rate of 3.00%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$1,102,966 or by 7.60%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$1,293,846 or by 8.39%.

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 3.00%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>1,293,846</u>	\$ <u>1,193,749</u>	\$ <u>1,102,966</u>

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The December 31, 2018 valuation was prepared using an initial trend rate of 3.25%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$1,350,615 or by 13.14%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$1,061,678 or by 11.06%.

Healthcare Cost Trend Rates			
	1% Decrease	Baseline 5.80%	1% Increase
Total OPEB Liability	\$ <u>1,061,678</u>	\$ <u>1,193,749</u>	\$ <u>1,350,615</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City's Actuarially determined OPEB expense was \$80,900. At December 31, 2018, the City would have reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in December 31, 2018 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ -	\$ -
Total	\$ <u>-</u>	\$ <u>-</u>

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

For the Year Ending December 31,

2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	-
	\$ <u>-</u>

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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, 2018, 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.
FOP	Police	12/31/18	All uniformed police, detectives, and other special police units, excluding the chief and captain.
Firemen's Mutual Benevolent Asso.	Firefighters	12/31/21	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.

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

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2018 and 2017, the City estimates this liability to approximate \$4,162,406 and \$3,953,244, 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.

The Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

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

**CITY OF WILDWOOD
NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 2018. 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 2017 and 2018 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 2018 was \$463,746.

Note 23: SUBSEQUENT EVENTS

The City has evaluated subsequent events through August 6, 2019, the date which the financial statements were available to be issued and identified no events requiring disclosure.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C
FORM OF LEGAL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]



PARKER McCAY

Parker McCay P.A.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-1539

P: 856.596.8900
F: 856.596.9631
www.parkermccay.com

October 18, 2019

Board of Commissioners
of the City of Wildwood
Municipal Building
4400 New Jersey Avenue
Wildwood, New Jersey

**RE: \$15,412,000 CITY OF WILDWOOD, COUNTY OF CAPE MAY, NEW
JERSEY, BOND ANTICIPATION NOTES, SERIES 2019**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes") by the City of Wildwood, County of Cape May, New Jersey ("City"). The Notes consist of: (i) \$4,843,000 General Improvement Notes; (ii) \$7,920,000 Water Utility Notes; and (iii) \$2,649,000 Sewer Utility Notes.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 1079-17, as amended by 1118-18; 1083-17, as amended by 1119-18; 1084-17; 1120-18; 1048-16, as amended by 1082-17; 1050-16; 1080-17; 1085-17; 1121-18; 1081-17; 1086-17; and 1122-18 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Board of Commissioners, and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on October 8, 2019 ("Award Certificate").

The Notes are dated October 18, 2019 and mature on October 16, 2020. The Notes are issued in fully registered form and are not subject to redemption prior to their stated maturity date. The Notes are issued in anticipation of the issuance of bonds to provide funds for various capital improvements.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as previously amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Award Certificate, the representations and covenants of the City given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes.

COUNSEL WHEN IT MATTERS.SM

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Notes are legal, valid and binding obligations of the City enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Notes, the City has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the City without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Notes will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the City that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified



income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The City has *not* designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Notes should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Notes and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Notes.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the City and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this 18th day of October, 2019 by and between the City of Wildwood, County of Cape May, New Jersey ("City") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the City of its Bond Anticipation Notes, Series 2019, in the aggregate principal amount of \$15,412,000 ("Notes"). The Notes consisting of: (i) \$4,843,000 General Improvement Notes; (ii) \$7,920,000 Water Utility Notes; and (iii) \$2,649,000 Sewer Utility Notes.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Notes (collectively, the "Noteholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Notes ("Rule").

SECTION 2. Definitions. Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the City or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean any notice required to be filed with the National Repository pursuant to Section 3 hereof.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Notes, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the City.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

SECTION 3. Reporting of Significant Events.

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (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 Notes, or other material events affecting the tax status of the Notes;
- (7) modifications to the rights of Noteholders, if material;
- (8) Note calls (excluding mandatory sinking fund redemptions), if material, or 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 obligated person;
- (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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The City shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the City may, but shall not be required to, rely conclusively on an Opinion of Counsel.

¹ The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(c) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the City.

SECTION 4. Termination of Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes or when the City is no longer an Obligated Person (as defined in the Rule) with respect to the Notes.

SECTION 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) 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 the City, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering 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 materially impair the interests of Noteholders. The City shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 6. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the City 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 Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Default and Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Noteholder may (and, at the written request of Noteholders of at least twenty-five percent (25%) of the outstanding Notes and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the City to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Notes.

SECTION 8. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United

States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the City:

City of Wildwood
4400 New Jersey Avenue
Wildwood, New Jersey 08260
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attention: Anthony P. Inverso, Senior Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 8 for the giving of notice.

SECTION 9. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent and the Noteholders and nothing herein contained shall confer any right upon any other person.

SECTION 10. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 11. Compensation. The City shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 12. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the City, or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 13. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 16. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CITY OF WILDWOOD, NEW JERSEY

By: _____
JEANETTE J. POWERS,
Chief Financial Officer

PHOENIX ADVISORS, LLC, as Dissemination Agent

By: _____
ANTHONY P. INVERSO,
Senior Managing Director