CITY OF NORTH WILDWOOD

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2017

CITY OF NORTH WILDWOOD
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CITY OF NORTH WILDWOOD

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2017

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The letter of comments and recommendations section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

Very truly yours,

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

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

April 6, 2018

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EXHIBIT - A
CURRENT FUND

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

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

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

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

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

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

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

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

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

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

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

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Fund Balance Anticipated	$ 3,000,000.00	-	3,000,000.00	-
Total Fund Balance Anticipated	3,000,000.00	-	3,000,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	50,000.00	-	59,050.00	9,050.00
Other	138,500.00	-	135,999.50	(2,500.50)
Fees and Permits	300,000.00	-	388,458.33	88,458.33
Fines and Costs:				
Municipal Court	425,000.00	-	379,643.24	(45,356.76)
Interest and Costs on Taxes	75,000.00	-	88,948.57	13,948.57
Interest Earned on Investments	50,000.00	-	103,741.90	53,741.90
Parking Meters	800,000.00	-	820,129.55	20,129.55
Emergency Rescue Services	220,000.00	-	293,918.89	73,918.89
Fire Inspector Fees	150,000.00	-	201,204.00	51,204.00
Sewer Rents	4,250,000.00	-	4,232,881.67	(17,118.33)
Tram Car Lease	35,000.00	-	34,257.31	(742.69)
Rental of City Property	100,000.00	-	142,958.00	42,958.00
Total Section A: Local Revenues	6,593,500.00	-	6,881,190.96	287,690.96
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	442,027.00	-	442,027.00	-
Total Section B: State Aid Without Offsetting Appropriations	442,027.00	-	442,027.00	-

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

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

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Drunk Driving Enforcement Fund	4,577.48	-	4,577.48	-
Rural Development - Rural Development Emergency Vehicle	-	20,100.00	20,100.00	-
United States DOJ - Bulletproof Vest Partnership	-	2,460.56	-	(2,460.56)
Clean Communities Program	41,932.77	-	41,932.77	-
Body Armor Grant	2,825.76	-	2,825.76	-
Title DCA- Small Cities 16th Avenue & Boardwalk	-	400,000.00	400,000.00	-
COPS in Shops	2,330.80	-	2,330.80	-
Seat Belt Initiative	4,979.65	-	4,979.65	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	56,646.46	422,560.56	476,746.46	(2,460.56)
Section G: Other Special Items				
Uniform Fire Safety Act	10,000.00	-	12,398.43	2,398.43
1.85% Beach Maintenance	273,815.61	-	273,815.61	-
Capital Surplus	50,000.00	-	50,000.00	-
County Proceeds to Pay Debt Service for Open Space	290,000.00		290,000.00	-
Reserve to Pay Debt Service	181,159.75	-	181,159.75	-
Total Section G: Other Special Items	804,975.36	-	807,373.79	2,398.43
Total Miscellaneous Revenues:	7,897,148.82	422,560.56	8,607,338.21	287,628.83
Receipts from Delinquent Taxes	-	-	1,311.62	1,311.62

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

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

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

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

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

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		32,117,396.22
Less: Reserve for Tax Appeals Pending		
Net Revenue from Collections		32,117,396.22
Allocated to:		
School, County and Other Taxes		13,831,879.27
Balance for Support of Municipal Budget Appropriations		18,285,516.95
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		515,058.55
Amount for Support of Municipal Budget Appropriations		18,800,575.50
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	(7,170.39)	
Tax Title Lien Collections	8,482.01	
Total Receipts from Delinquent Taxes		1,311.62
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Bookkeeping	569.00	
Bureau of Housing Inspection	19,252.00	
Clerk Report	9,560.39	
BBQ Festival - Vendor	900.00	
Anglesea Night Market	2,640.00	
Delta Dental Reimbursement	396.69	
Fire Reports	9.85	
Flea Markets	2,550.00	
FSA cancelation	728.26	
GovDeals	2,130.00	
GWTIDA Event Support	64,102.00	
Interest - Dividend	830.50	
Irish Festival Vendor Support	19,000.00	
Italian Festival	2,080.00	
JIF / HIF Rebates	22,704.51	
Insurance - Storm Jonas	16,036.67	
Lot Maintenance	4,128.84	
Maritime Festival	1,075.00	
Miscellaneous Rev Not Detailed	14,105.45	
Motor Vehicle Inspection Fines	2,080.20	
Municipal Alliance	750.00	
Payment in Lieu of Tax	994.03	
P-Card Rebates	15,075.34	
Photocopies	1,256.10	
Recycling Fees	10,054.10	
Sale of City Property (Trailer)	10,000.00	
State of NJ - Recycling Grant	12,626.73	
Sewer Collection - Other	87,759.91	
UCC - Admin Fees 2017	260,055.00	
Unclaimed Property	916.97	
Vendor Prior Year Reimbursements	8,151.25	
Veterans-Senior Citizens Admin Fee	1,618.49	
Total Miscellaneous Revenue Not Anticipated:		594,137.28

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT - B
TRUST FUND

Exhibit B

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

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

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

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

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

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

EXHIBIT - C
GENERAL CAPITAL FUND

Exhibit C

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

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

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

2016	20,810,000.00
2017	610,025.00

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

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

EXHIBIT - D
GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit D

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

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

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

D. Required Financial Statements

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

E. Comparative Data

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

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F. Recent Accounting Pronouncements Not Yet Effective

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

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

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

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

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

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

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

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

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

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NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2017 and 2016 statutory budgets included a reserve for uncollected taxes in the amount of $515.058.55 and $502,830.89. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2017 and 2016 statutory budgets was $3,000,000.00 and $2,800,000.00

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

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

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

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

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

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

NOTE 3: INVESTMENTS

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

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

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

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

Unaudited Investments

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

NOTE 4: CASH

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

NOTE 5: FIXED ASSETS

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

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Land	$ 99,085,966.00	756,882.00	-	99,842,848.00
Building	18,570,753.00	29,516.00	(252,974.00)	18,853,243.00
Equipment and Machinery	7,132,450.00	738,184.00	579,893.00	7,290,741.00
	$ 124,789,169.00	1,524,582.00	326,919.00	125,986,832.00

	Balance 12/31/2016	Additions	Adjustments/ Retirements	Balance 12/31/2017
Land	$ 99,842,848.00	113,597.00	-	99,956,445.00
Building	18,853,243.00	-	-	18,853,243.00
Equipment and Machinery	7,290,741.00	1,151,420.00	210,264.00	8,231,897.00
	$ 125,986,832.00	1,265,017.00	210,264.00	127,041,585.00

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

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Bond Anticipation Notes payable:				
General	$ 9,610,000.00	14,670,000.00	9,610,000.00	14,670,000.00
	$ 9,610,000.00	14,670,000.00	9,610,000.00	14,670,000.00

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Bond Anticipation Notes payable:				
General	$ 14,670,000.00	21,605,000.00	14,670,000.00	21,605,000.00
	$ 14,670,000.00	21,605,000.00	14,670,000.00	21,605,000.00

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

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

NOTE 7: LONG TERM DEBT

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

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within *One Year
Bonds payable:					
General	$ 33,484,294.24	-	3,222,104.35	30,262,189.89	3,090,000.00
Total	$ 33,484,294.24	-	3,222,104.35	30,262,189.89	3,090,000.00
Other liabilities:					
Loans Payable	$ 722,814.37	-	98,994.05	623,820.32	99,118.83
Compensated Absences Payable	630,444.70	166,961.42	60,172.49	737,233.63	-
Total long-term liabilities	$ 34,837,553.31	166,961.42	3,381,270.89	31,623,243.84	3,189,118.83

	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due Within * One Year
Bonds payable:					
General	$ 30,262,189.89	4,150,000.00	3,299,782.79	31,112,407.10	3,752,910.00
Total	$ 30,262,189.89	4,150,000.00	3,299,782.79	31,112,407.10	3,752,910.00
Other liabilities:					
Loans Payable	$ 623,820.32	9,148,515.00	304,703.43	9,467,631.89	410,745.19
Compensated Absences Payable	737,233.63	55,987.58	106,139.65	687,081.56	-
Total long-term liabilities	$ 31,623,243.84	13,354,502.58	3,710,625.87	41,267,120.55	4,163,655.19

*Excludes USDA Bonds Payable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Statutory Debt Condition - Annual Debt Statement

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

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

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

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

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

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

NOTE 8: FUND BALANCES APPROPRIATED

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

		2018	2017
Current Fund	$	3,000,000.00	3,000,000.00

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

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

NOTE 10: SCHOOL TAXES

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

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

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NOTE 11: TAXES COLLECTED IN ADVANCE

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

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

NOTE 12: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

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Funding Policy

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

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

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

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

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Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 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 2013.

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

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

NOTE 13: PENSION LIABILITIES

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

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

Public Employees' Retirement System

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

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

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

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

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

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

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

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

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

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

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

Pension plan fiduciary net position.

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

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NOTE 14: POST-RETIREMENT BENEFITS

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City of North Wildwood on a monthly basis. The rates charged by the system for the year ended December 31, 2017 vary according to the type of coverage selected by the retiree and range from $1,329,89 to $3,298.13 monthly per retiree.

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

NOTE 15: ACCRUED SICK AND VACATION BENEFITS

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

NOTE 16: ECONOMIC DEPENDENCY

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

NOTE 17: RISK MANAGEMENT

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

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

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

NOTE 18: DEFERRED COMPENSATION

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

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

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

The Plan is administered by the following service organizations:

Mass Mutual
Great-West Retirement Services
Nationwide Retirement Solutions

NOTE 19: CONTINGENT LIABILITIES

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

NOTE 20: INTERFUND BALANCES

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

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

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

NOTE 21: RESERVE FOR STATE TAX APPEALS

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

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

NOTE 22: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

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

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

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

NOTE 23: SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 6, 2018, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Very truly yours,

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

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

April 6, 2018

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226
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Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of North Wildwood's compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of the City of North Wildwood's major federal programs for the year ended December 31, 2017. The City of North Wildwood's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of North Wildwood's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards that Uniform Guidance requires that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of North Wildwood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of North Wildwood's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of North Wildwood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of City of North Wildwood is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of North Wildwood's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of North Wildwood's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

April 6, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	To	Program or Award Amount	Balance at 1/1/17	Receipts or Revenue Recognized	17 Activity Canceled/ Disbursements/ Expenditures	Adjustments	Balance at 12/31/17
FEDERAL:									
U.S. Department of Justice									
COPS In Shops	20.616	Prior	Years	Various	$ 19,143.30	-	-	-	19,143.30
	20.616	2017	2018	2,330.80	-	-	-	(2,330.80)	2,330.80
COPS In Schools	16.710	Prior	Years	65,000.00	41,634.73	-	-	-	41,634.73
Economic Impact Initiative	N/A	Prior	Years	Various	3,695.37	-	-	-	3,695.37
Bulletproof Vest	16.007	01/01/16	12/31/16	2,460.56	1,440.00	-	-	2,460.56	(1,020.56)
		01/01/17	12/31/17	2,460.56	-	-	2,460.56	(2,460.56)	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Prior	Years	181,351.00	25.03	-	-	-	25.03
U.S. Department of Housing and Urban Development									
Pass through the NJ Department of Community Affairs									
Small Cities - CDBG - Community Center ADA Improvements	14.228/22802010007811	01/01/11	12/31/11	290,400.00	46,625.16	-	-	-	46,625.16
Small Cities - CDBG ADA Compliant Improvements	14.218	Prior	Years	480,000.00	80,000.00	-	-	-	80,000.00
Small Cities - CDBG Curb Cuts & Sidewalks ADA Improvements	14.218	01/01/13	12/31/13	399,500.00	(10,418.00)	-	-	-	(10,418.00)
Small Cities - CDBG 16th & Boardwalk	14.218	01/01/17	12/31/17	400,000.00	-	400,000.00	400,000.00	-	-
Housing Rehabilitation - Small Cities	2013-0185-00	01/01/13	12/31/13	300,000.00	19,788.00	-	-	-	19,788.00
FHA - TEA Hereford Lighthouse	N/A	01/01/06	12/31/06	330,000.00	(65,028.13)	-	-	-	(65,028.13)
U.S. Department of Agriculture									
Rural Development - Rural Utilities Service Grant - Phase 2	10.760	4/30/08	close	1,528,000.00	1,089.00	-	-	-	1,089.00
Rural Development - Rural Utilities Service Loan - Phase 2	10.760	4/30/08	close	4,572,000.00	-	-	-	-	-
Rural Development - Rural Utilities Service Grant - Phase 3	10.760	09/03/09	close	1,412,000.00	-	-	-	-	-
Rural Development - Rural Utilities Service Loan - Phase 3	10.760	09/03/09	close	2,238,000.00	46,642.47	-	-	-	46,642.47
Rural Development - Fire Prevention Trailer	10.760	01/01/16	12/31/16	46,000.00	(46,000.00)	46,000.00	-	-	-
Rural Development - Emergency Vehicle	10.760	01/01/17	12/31/17	20,100.00	-	-	20,100.00	-	(20,100.00)
U.S. Department of Homeland Security									
Passed through Federal Emergency Management Assistance (FEMA)									
Disaster Grants - Public Assistance for Presidentially Declared Disaster - Reimbursement									
Hurricane Sandy :	97.036	01/01/13	12/31/13	4,838,934.96	(1,735,673.29)	146,087.99	146,087.99	(146,087.99)	(1,589,585.30)
Storm Jonas :	97.036	01/01/16	12/31/16	835,533.00	-	835,533.00	835,533.00	-	-
FEMA - Assistance to Firefighters	97.044	01/01/11	12/31/11	110,480.00	(591.00)	-	-	-	(591.00)
		01/01/13	12/31/13	110,480.00	(98,397.00)	-	-	-	(98,397.00)
Total Federal Assistance					(1,696,024.36)	1,427,620.99	1,404,181.55	(148,418.79)	(1,524,166.13)

The Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	Grant Period To	Program or Award Amount	Balance at 1/1/17	17 Activity Receipts or Revenue Recognized	17 Activity Canceled/ Disbursements/ Expenditures	Balance at 12/31/17	MEMO ONLY Cumulative State Expenditures
STATE OF NEW JERSEY									
Department of Environmental Protection									
Clean Communities	4900-765-042-4900-004	Open		Various	33,073.57	-	-	33,073.57	-
	4900-765-042-4900-004	5/1/13	4/30/14	27,845.77	27,845.77	-	-	27,845.77	-
	4900-765-042-4900-004	5/1/14	4/30/15	27,407.49	27,407.49	-	-	27,407.49	-
	4900-765-042-4900-004	5/1/15	4/30/16	30,173.40	30,173.40	-	-	30,173.40	-
	4900-765-042-4900-004	5/1/16	4/30/17	21,777.00	23,087.00	-	-	23,087.00	14,907.55
	4900-765-042-4900-004	5/1/17	4/30/18	41,932.77	-	41,932.77	36,304.00	5,628.77	36,304.00
Reclycling Tonnage Grant	042-4900-752-001-10	Prior	2010	Various	23,466.30	-	-	23,466.30	-
		01/01/13	12/31/13	12,562.02	12,562.02	-	-	12,562.02	-
		01/01/14	12/31/14	12,286.36	12,286.36	-	-	12,286.36	-
Emergency Sand Replenishment	4281-16	01/01/17	12/31/17	133,450.00	-	133,450.00	133,450.00	-	133,450.00
Municipal Stormwater	N/A	Open		Various	-	-	-	-	6,822.00
Department of Community Affairs									
Hereford Lighthouse Renovation	N/A	Open		120,000.00	940.66	-	940.66	-	119,059.34
Department of Law and Public Safety									
Alcohol Education & Rehabilitation	N/A	Open		Various	11,241.78	-	-	11,241.78	662.64
Body Armor Replacement Program		01/01/16	12/31/16	2,825.76	-	2,825.76	2,825.76	-	2,825.76
Body Worn Camera Assistance Program	N/A	01/01/15	12/31/15	Various	(10,000.00)	-	-	(10,000.00)	-
Drunk Driving Enforcement Fund	1110-448-031020-220040	Open		Various	11,332.33	-	169.00	11,163.33	61,276.81
		01/01/17	12/31/17	4,577.48	-	4,577.48	1,601.93	2,975.55	1,601.93
Click it or Ticket Program	1160-100-066-1160-113	01/01/08	12/31/08	4,000.00	3,055.12	-	-	3,055.12	-
Think Safety Pedestrian Mobilization	N/A	01/01/09	12/31/09	4,000.00	1,854.71	-	-	1,854.71	-
EMMA Grant	N/A	01/01/15	12/31/15	5,000.00	5,000.00	-	-	5,000.00	-
Seat Belt Iniative	N/A	01/01/17	12/31/17	4,979.65	-	4,979.65	-	4,979.65	-
Department of Transportation									
2009 - Maryland Avenue	N/A	01/01/09	12/31/09	160,000.00	111.91	-	111.91	-	159,888.09
West 17th Avenue - 2013	N/A	01/01/13	12/31/13	180,000.00	-	180,000.00	180,000.00	-	154,277.00
2014 -West Pine Avenue	N/A	01/01/14	12/31/14	172,000.00	-	43,000.00	43,000.00	-	172,000.00
2015 - 15th Avenue	N/A	01/01/15	12/31/15	175,000.00	(43,750.00)	43,750.00	-	-	174,999.40
2013 - Pedestrian Multi-Modal Olde NJ Ave & Spruce	N/A	01/01/15	12/31/15	450,000.00	(43,000.00)	-	(43,000.00)	-	172,000.00
Traffic Safety Grant	N/A	01/01/06	12/31/06	3,000.00	3,000.00	-	-	3,000.00	-
Department of Commerce and Economic Development									
Total State Assistance					129,688.42	454,515.66	355,403.26	228,800.82	
Total Federal and State Financial Assistance					$ (1,566,335.94)	1,882,136.65	1,759,584.81	(1,295,365.31)	

The Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE DECEMBER 31, 2017

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the federal and state grant activity of the City of North Wildwood, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	Federal	State	Total
Expenditures per Schedule of Federal Awards and State Financial Assistance	$ 1,404,181.55	$ 355,403.26	$ 1,759,584.81
Expenditures Reported in Basic Financial Statements	$ 1,404,181.55	$ 355,403.26	$ 1,759,584.81

CITY OF NORTH WILDWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Part I -- Summary of Auditor's Results

Financial Statement Section

A)	Type of auditor's report issued:	Adverse - GAAP unmodified regulatory basis					
B)	Internal control over financial reporting:						
	1) Material weakness(es) identified?		yes	X	no		
	2) Were significant deficiencies identified that were not considered to be material weaknesses?		yes	X	no		
C)	Noncompliance material to general-purpose financial statements noted?	X	yes		no		

Federal Awards Section

D)	Dollar threshold used to determine Type A programs:	$750,000					
E)	Auditee qualified as low-risk auditee?		yes	X	no		n/a
F)	Type of auditor's report on compliance for major programs	Unmodified					
G)	Internal Control over compliance:						
	1) Material weakness(es) identified?		yes	X	no		
	2) Were significant deficiencies identified that were not considered to be material weaknesses?		yes	X	no		
H)	Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance (section .510(a))?		yes	X	no		

I) Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

CITY OF NORTH WILDWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Part I -- Summary of Auditor's Results

State Awards Section - Not Applicable

J) Dollar threshold used to determine Type A programs: DID NOT QUALIFY FOR STATE SINGLE AUDIT

K) Auditee qualified as low-risk auditee? _____ yes _____ no X n/a

L) Type of auditor's report on compliance for major programs _____

M) Internal Control over compliance:
1) Material weakness(es) identified? _____ yes _____ no

2) Were reportable condition(s) identified that were not considered to be material weaknesses? _____ yes _____ no

N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? _____ yes _____ no

O) Identification of major programs:

GMIS Number(s)	Name of State Program

Part 2 - Schedule of Financial Statement Findings

None.

Part 3 - Schedule of Federal Award Findings and Questioned Costs

None.

STATUS OF PRIOR YEAR FINDINGS

2016-1: Compliance with Local Budget Law N.J.S.A. 40A:4-22 and fiscal responsibility. The City approved $12,199.99 in expenditures for Interest on Notes prior to verifying that there were sufficient funds available in the budget line

This finding was cleared in 2017.

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Current Fund		Grant Fund	
Balance December 31, 2016	$		10,397,901.54		-
Increased by Receipts:					
Tax Collector		37,464,660.35		-	
Revenue Accounts Receivable		3,528,188.24		-	
Miscellaneous Revenue Not Anticipated		496,074.59		-	
Due from State - Veterans and Senior Citizens		80,924.45		-	
Payroll Deductions Payable		8,699,006.45		-	
Marriage License Fees Due to State		725.00		-	
Reserve for 1.85% Room Tax		295,216.26		-	
Issuance of Petty Cash		1,300.00			
Due from Federal and State Grant Fund		846,030.28		-	
Due to GWTIDA		2,170.00		-	
Due to Animal Control		1,776.00		-	
Due to Trust Assessment		241.18		-	
Due to Trust (Recreation)				72,600.00	
Due to Trust (Police Body Armor)				1,414.37	
Due to Current Fund				654,128.25	
Federal and State Unallocated				59,265.91	
Federal and State Receivables				712,750.00	
			51,416,312.80		1,500,158.53
			61,814,214.34		1,500,158.53
Decreased by Disbursements:					
Current Year Appropriation		26,376,391.25		-	
Prior Year Appropriations		369,635.01		-	
County Taxes		6,725,616.41		-	
Local District School Taxes		6,961,084.02		-	
Special District Taxes		55,000.00		-	
Refund of Tax Overpayments		105,886.21		-	
Due to State - Marriage Licenses		700.00		-	
Due to Federal and State Grant Fund		654,128.25		-	
Due to GWTIDA		412,866.80		-	
Payroll Deductions Paid		8,638,183.53		-	
Reserve for Revaluation		40,518.50		-	
Due to Trust - POAA		424.00		-	
Return of Petty Cash		1,300.00		-	
Due to Current Fund				846,030.28	
Federal and State Disbursements				654,128.25	
			50,341,733.98		1,500,158.53
Balance December 31, 2017	$		11,472,480.36		-

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2016		$ -
Increased by Receipts:		
Prepaid Taxes	1,790,719.54	
Tax Title and Other Liens	8,482.01	
Taxes Receivable	31,073,268.65	
Revenue Accounts Receivable	4,440,227.78	
		37,312,697.98
		37,312,697.98
Payments to Treasurer		37,312,697.98
Balance December 31, 2017		$ -

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2016	Current Year Levy	Added Taxes	Collections by Cash 2016	Collections by Cash 2017	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2017
Arrears	$ 319,569.66	-	-	-	-	-	-	319,569.66
2011	1,559.34	-	-	-	-	-	-	1,559.34
2012	29,369.62	-	-	-	-	-	-	29,369.62
2013	56,603.48	-	-	-	-	168.68	-	56,434.80
2014	16,189.78	-	-	-	1,758.86	-	-	14,430.92
2015	27,226.18	-	-	-	9,388.70	-	-	17,837.48
2016	38,533.70	-	-	-	(18,317.95)	30,503.27	-	26,348.38
	489,051.76	-	-	-	(7,170.39)	30,671.95	-	465,550.20
2017	-	32,216,730.30	24,594.86	843,815.69	31,273,580.53	79,323.85	13,522.28	31,082.81
	$ 489,051.76	32,216,730.30	24,594.86	843,815.69	31,266,410.14	109,995.80	13,522.28	496,633.01

	31,073,268.65	Cash Receipts
	79,924.45	Senior Citizens and Veterans
	151,962.37	Homestead Rebate
	(38,745.33)	Overpayments applied/recorded
	31,266,410.14	

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	32,216,730.30	
Special District Taxes	55,000.00	
Added Taxes (54:4-63.1 et. Seq.)	24,594.86	
		32,296,325.16
Tax Levy:		
General County Taxes	5,618,742.48	
County Library Taxes	849,597.69	
County Open Space Taxes	257,276.24	
Special District Tax	55,000.00	
County Added and Omitted Taxes	24,594.86	
Total County Taxes		6,805,211.27
Local School District Tax		7,026,668.00
Additional Local School District Tax		-
Local Tax for Municipal Purposes	18,266,159.56	
Add: Additional Tax Levied	198,286.33	
		18,464,445.89
		32,296,325.16

CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS

Balance December 31, 2016		$ 275,359.24
Increased by:		
Transfers from Taxes Receivable	13,522.28	
Interest and Costs Accrued by Sale of December 28, 2017	499.26	
		14,021.54
		289,380.78
Decreased by:		
Collections	8,482.01	
		8,482.01
Balance December 31, 2017		$ 280,898.77

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2016	Accrued in 2017	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2017
Licenses:					
Alcoholic Beverages	$ -	59,050.00	-	59,050.00	-
Other	-	135,999.50	-	135,999.50	-
Fees and Permits	-	388,458.33	-	388,458.33	-
Fines and Costs:					
Municipal Court	14,290.64	376,136.79	-	379,643.24	10,784.19
Interest and Costs on Taxes	-	88,948.57	88,948.57	-	-
Interest Earned on Investments	-	103,741.90	-	103,741.90	-
Parking Meters	-	820,129.55	-	820,129.55	-
Emergency Rescue Services	-	293,918.89	-	293,918.89	-
Fire Inspection Fees	-	201,204.00	-	201,204.00	-
County Debt Service	-	290,000.00	-	290,000.00	-
Sewer Rents	432,730.22	4,218,327.06	4,232,881.67	-	418,175.61
Tram Car Lease	-	34,257.31	-	34,257.31	-
Rental of City Property	-	142,958.00	-	142,958.00	-
Energy Receipts Tax	-	442,027.00	-	442,027.00	-
Reserve to Pay Debt Service	-	181,159.75	-	181,159.75	-
Uniform Fire Safety	-	12,398.43	-	12,398.43	-
1.85% Beach Maintenance	-	273,815.61	-	273,815.61	-
Capital Surplus	-	50,000.00	-	50,000.00	-
Miscellaneous Revenue Not Anticipated	-	594,137.28	98,062.69	496,074.59	0.00
	$ 447,020.86	8,706,667.97	4,419,892.93	4,304,836.10	428,959.80

Cash	4,024,262.83
Interfunds	6,757.66
Reserve for 1.85% Beach Maintenance	273,815.61
Total	4,304,836.10

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration					
Salaries and Wages	$ 18,699.02	18,699.02	-	18,699.02	-
Other Expenses	6,301.85	6,301.85	5,650.48	651.37	-
Mayor and Council					
Salaries and Wages	0.05	0.05	-	0.05	-
Other Expenses	1,751.34	1,751.34	825.00	926.34	-
Municipal Clerk					
Salaries and Wages	3,299.46	3,299.46	-	3,299.46	-
Other Expenses	14,407.15	14,407.15	2,845.27	11,561.88	-
Financial Administration					
Salaries and Wages	2,892.20	2,892.20	-	2,892.20	-
Other Expenses	16,206.30	16,206.30	1,144.88	15,061.42	-
Audit Services					
Other Expenses	2,000.00	2,000.00	-	2,000.00	-
Revenue Administration (Tax Collection)					
Salaries and Wages	3,640.39	3,640.39	-	3,640.39	-
Other Expenses	6,603.93	6,603.93	1,662.94	4,940.99	-
Tax Assessment Administration					
Salaries and Wages	1,463.71	1,463.71	-	1,463.71	-
Other Expenses	33,244.46	33,244.46	3,105.00	30,139.46	-
Legal Services					
Other Expenses	92,259.84	92,259.84	59,938.24	32,321.60	-
Engineering Services and Costs					
Other Expenses	105,794.71	105,794.71	47,385.66	58,409.05	-
Ambulance Billing Administration Fee					
Other Expenses	6,593.89	6,593.89	1,385.52	5,208.37	-
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	932.71	932.71	-	932.71	-
Other Expenses	3,683.42	3,683.42	-	3,683.42	-
Zoning Board of Adjustment					
Other Expenses	9,759.05	9,759.05	-	9,759.05	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
INSURANCE					
General Liability	57,500.38	57,500.38	2,275.00	55,225.38	-
Workers Compensation Insurance	22,830.62	22,830.62	-	22,830.62	-
Employee Group Health Insurance	412,801.03	412,801.03	446.50	412,354.53	-
Health Benefit Waiver					
Salaries and Wages	166.74	166.74	-	166.74	-
PUBLIC SAFETY					
Fire Department					
Salaries and Wages	72,504.99	72,504.99	-	72,504.99	-
Other Expenses	84,930.77	84,930.77	63,454.09	21,476.68	-
Fire Safety Act					
Salaries and Wages	6,057.11	6,057.11	-	6,057.11	-
Other Expenses	15,787.67	15,787.67	2,358.12	13,429.55	-
Aid to Volunteer Fire Company					
Other Expenses	3,800.00	3,800.00	1,500.00	2,300.00	-
Police Department					
Salaries and Wages	266,344.27	266,344.27	-	266,344.27	-
Other Expenses	79,795.38	79,795.38	18,989.78	60,805.60	-
Office of Emergency Management					
Salaries and Wages	36.11	36.11	-	36.11	-
Other Expenses	7,533.43	7,533.43	7,532.95	0.48	-
Municipal Court					
Salaries and Wages	9,498.71	9,498.71	-	9,498.71	-
Other Expenses	7,260.57	7,260.57	4,447.00	2,813.57	-
Municipal Prosecutor					
Salaries and Wages	2,516.74	2,516.74	-	2,516.74	-
PUBLIC WORKS					
Public Works Department					
Salaries and Wages	149,914.29	149,914.29	-	149,914.29	-
Other Expenses	111,663.47	111,663.47	76,832.62	34,830.85	-
Garbage and Trash					
Other Expenses	768.50	768.50	-	768.50	-
Public Buildings and Grounds					
Salaries and Wages	26,281.05	26,281.05	-	26,281.05	-
Other Expenses	32,574.28	32,574.28	22,612.15	9,962.13	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
HEALTH AND HUMAN SERVICES					
Dog Regulation					
Other Expenses	10,040.36	10,040.36	1,833.34	8,207.02	-
PARKS AND RECREATION					
Lifeguards					
Salaries and Wages	8,963.53	8,963.53	-	8,963.53	-
Other Expenses	2,323.23	2,323.23	950.00	1,373.23	-
Recreation Center					
Salaries and Wages	15,367.98	15,367.98	-	15,367.98	-
Other Expenses	28,905.26	28,905.26	4,295.21	24,610.05	-
UNIFORM CONSTRUCTION CODE					
Construction Official					
Salaries and Wages	662.86	662.86	-	662.86	-
Other Expenses	7,612.51	7,612.51	-	7,612.51	-
UNCLASSIFIED					
Celebration of Public Events, Anniversary or Holiday					
Salaries and Wages	4,056.59	4,056.59	-	4,056.59	-
Other Expenses	10,921.64	10,921.64	250.00	10,671.64	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	18,336.68	18,336.68	-	18,336.68	-
Street Lighting	1,632.28	1,632.28		1,632.28	-
Telephone	4,053.44	4,053.44	1,730.23	2,323.21	-
Natural Gas	50,221.04	50,221.04	6,420.43	43,800.61	-
Water	870.40	870.40	-	870.40	-
Gasoline	106,594.73	106,594.73	6,577.62	100,017.11	-
Traffic Lights	54.66	54.66		54.66	-
LANDFILL / SOLID WASTE DISPOSAL COSTS					
Cape May County MUA Tipping Fees	34,307.96	34,307.96	23,186.98	11,120.98	-
Contingent	500.00	500.00	-	500.00	-
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (O.A.S.I.)	46,796.57	46,796.57	-	46,796.57	-
Unemployment Compensation Insurance	4,265.62	4,265.62	-	4,265.62	-
Lifeguard Pension	3,798.78	3,798.78	-	3,798.78	-
Retirement Reserve	39,000.00	39,000.00	-	39,000.00	-
Defined Contribution Retirement Program	169.44	169.44	-	169.44	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
OPERATIONS EXCLUDED FROM "CAPS"					
Payments to Cape May County Municipal Utilities Authority - Sewer Charges	7,783.00	7,783.00		7,783.00	-
Length of Service Award Program (LOSAP)	13,681.42	13,681.42	-	13,681.42	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance - Local Share	61.50	61.50	-	61.50	-
	$ 2,121,081.07	2,121,081.07	369,635.01	1,751,446.06	-

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2016		
School Tax Payable	$ 966,466.50	
School Tax Deferred	2,479,787.50	
		$ 3,446,254.00
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017		7,026,668.00
		10,472,922.00
Decreased by:		
Payments		6,961,084.02
Balance December 31, 2017		
School Tax Payable	1,032,050.48	
School Tax Deferred	2,479,787.50	
		3,511,837.98
Current Year Liability for Local School District School Tax:		
Tax Paid		6,961,084.02
Tax Payable Ending		1,032,050.48
		7,993,134.50
Less: Tax Payable Beginning		966,466.50
Amount charged to Current Year Operations		$ 7,026,668.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose		Balance Dec. 31, 2016	Transferred From 2017 Revenues	Received	Adjustments	Balance Dec. 31, 2017
FEDERAL GRANTS:						
Small Cities Block Grant						
CDBG 2011 - Community Center ADA Impr.	$	67,845.00	-	-	-	67,845.00
CDBG 2013 - ADA Curb Cuts and Sidewalks		10,418.00	-	-	-	10,418.00
CDBG - 2017 - CDBG 16th and Boardwalk		-	400,000.00	400,000.00	-	-
FHA TEA - Hereford Lighthouse - 2009		65,028.13	-	-	-	65,028.13
FEMA - Assistance to Firefighters Grant - 2011		591.00	-	-	-	591.00
FEMA - Assistance to Firefighters Grant - 2013		110,480.00			-	110,480.00
USDA Rural Development Fire Prevention Trailer - 2016		46,000.00	-	46,000.00	-	-
USDA Rural Development Emergency Vehicle - 2017			20,100.00	-	-	20,100.00
USDOJ Bulletproof Vest - 2016		1,020.56	-	-	-	1,020.56
USDOJ Bulletproof Vest - 2017		-	2,460.56	-	2,460.56	-
Total Federal		301,382.69	422,560.56	446,000.00	2,460.56	275,482.69
STATE GRANTS:						
N.J. Transportation Trust Fund						
2013 - Pedestrian Multi-Modal Olde NJ Ave & Spruce		493,000.00	-	-	43,000.00	450,000.00
2014 -West Pine Avenue		-	-	43,000.00	(43,000.00)	-
2015 - 15th Avenue		43,750.00	-	43,750.00	-	-
2016 - West 17th Avenue		180,000.00	-	180,000.00	-	-
Body Worn Camera Assistance Program - 2016		10,000.00	-	-	-	10,000.00
Click It or Ticket - 2008		944.88	-	-	-	944.88
Think Safety Pedestrian Mobilization - 2009		2,145.29	-	-	-	2,145.29
Total State		729,840.17	-	266,750.00	-	463,090.17
	$	1,031,222.86	422,560.56	712,750.00	2,460.56	738,572.86
				Cash	712,750.00	
					712,750.00	

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2016						
	Appropriated	Reserve for Encumbrances	2017 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2017
FEDERAL GRANTS:							
Small Cities Block Grant :							
CDBG - ADA - 2013 $	19,788.00	-	-	-	-	-	19,788.00
CDBG - ADA -- Prior	80,000.00	-	-	-	-	-	80,000.00
CDBG 2011 - Community Center ADA Impr.	114,470.16	-	-	-	-	-	114,470.16
CDBG - ADA - 2017 - 16th Avenue & Boardwalk	-	-	400,000.00	400,000.00	-	-	-
FEMA - Assistance to Firefighters Grant - 2013	12,083.00	-	-	-	-	-	12,083.00
Edward Byrne Memorial Justice Assistance - 2009	25.03	-	-	-	-	-	25.03
FHA TEA - Hereford Lighthouse - 2009	-	2,099.39	-	-	2,099.39	-	-
COPS in Shops - 2010 & Prior	6,411.98	-	-	-	-	-	6,411.98
COPS in Shops - 2013 - 2014	4,445.01	-	-	-	-	-	4,445.01
COPS in Shops - 2014 - 2015	3,011.63	-	-	-	-	-	3,011.63
COPS in Shops - 2015 - 2016	3,808.92	-	-	-	-	-	3,808.92
COPS in Shops - 2016 - 2017	1,465.76	-	-	-	-	-	1,465.76
COPS in Shops - 2017 - 2018	-	-	2,330.80	-	-	-	2,330.80
COPS in Schools - 2010 & Prior	41,634.73	-	-	-	-	-	41,634.73
Economic Impact Initiative - 2009	3,695.37	-	-	-	-	-	3,695.37
USDA Rural Development Fire Prevention Trailer - 2016	-	46,000.00	-	46,000.00	-	-	-
USDOJ Bulletproof Vest - 2016	2,460.56	-	-	2,460.56	-	-	-
USDOJ Bulletproof Vest - 2017	-	-	2,460.56	-	-	2,460.56	-
USDA Rural Development Emergency Vehicle - 2017	-	-	20,100.00	20,100.00	-	-	-
Total Federal	293,300.15	48,099.39	424,891.36	468,560.56	2,099.39	2,460.56	293,170.39
STATE GRANTS:							
Drunk Driving Enforcement Prior	11,163.33	169.00	-	169.00	-	-	11,163.33
Drunk Driving Enforcement 2017-2018	-	-	4,577.48	1,422.93	179.00	-	2,975.55
N.J. Transportation Trust Fund :							-
2009 - Maryland Avenue	-	111.91	-	-	111.91	-	-
2013 - Pedestrian Multi-Modal Olde NJ Ave & Spr	450,000.00	-	-	-	-	-	450,000.00
2016 - West 17th Avenue	180,000.00	-	-	180,000.00	-	-	-
Office of Emergency Management - EMMA - 2015	5,000.00	-	-	-	-	-	5,000.00
Click It or Ticket - 2008	4,000.00	-	-	-	-	-	4,000.00
Think Safety Pedestrian Mobilization - 2009	4,000.00	-	-	-	-	-	4,000.00
Recycling Tonnage Grant - 2010 & Prior	23,466.30	-	-	-	-	-	23,466.30
Recycling Tonnage Grant - 2013	12,562.02	-	-	-	-	-	12,562.02
Recycling Tonnage Grant - 2014	12,286.36	-	-	-	-	-	12,286.36
Clean Communities - 2010 & Prior	33,073.57	-	-	-	-	-	33,073.57
Clean Communities - 2013 - 2014	27,845.77	-	-	-	-	-	27,845.77
Clean Communities - 2014 - 2015	27,407.49	-	-	-	-	-	27,407.49
Clean Communities - 2015 - 2016	30,173.40	-	-	-	-	-	30,173.40
Clean Communities - 2016 - 2017	21,777.00	1,310.00	-	-	-	-	23,087.00
Clean Communities - 2017 - 2018	-	-	41,932.77	1,150.00	35,154.00	-	5,628.77
NJ Historical Trust - Hereford Lighthouse Renovation	-	940.66	-	-	940.66	-	-
Body Armor Grant 2017	-	-	2,825.76	2,825.76	-	-	-
Alcohol Education & Rehabilitation - 2010 & Prior	11,241.78	-	-	-	-	-	11,241.78
Traffic Safety Grant - 2006	3,000.00	-	-	-	-	-	3,000.00
Seat Belt Initiative - 2017	-	-	4,979.65	-	-	-	4,979.65
Total State	856,997.02	2,531.57	54,315.66	185,567.69	36,385.57	-	691,890.99
	1,150,297.17	50,630.96	479,207.02	654,128.25	38,484.96	2,460.56	985,061.38

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose		Balance Dec. 31, 2016	Transferred To 2017 Approproriations	Received	Adjustments	Balance Dec. 31, 2017
STATE GRANTS:						
Drunk Driving Enforcement - 2016	$	4,577.48	4,577.48	-	-	-
Clean Communites - 2017		-	-	35,624.52	-	35,624.52
Clean Communites - 2016		41,932.77	41,932.77	-	-	-
COPS in Shops - 2016		2,330.80	2,330.80	-	-	-
COPS in Shops - 2017		-	-	1,785.71	-	1,785.71
Recycling - Hazardous Waste		22,240.11	-	-	-	22,240.11
Tonnage Grant		-	-	13,636.56		13,636.56
Body Armor Replacement Fund 2017		-	-	2,830.01	-	2,830.01
Body Armor Replacement Fund 2016		2,825.76	2,825.76	-	-	-
Law and Public Safety - Distracted Driver		-		5,389.11		5,389.11
Seat Blet Initiative		4,979.65	4,979.65	-	-	-
Total State		78,886.57	56,646.46	59,265.91	-	81,506.02
	$	78,886.57	56,646.46	59,265.91	-	81,506.02

Exhibit B-1

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2016			$ 2,318.00
Increased By Receipts:			
Dog Licenses Fees - City Share	$	318.00	
Dog Licenses Fees Collected - State Share		214.80	
			532.80
			2,850.80
Decreased By Disbursements:			
State of New Jersey		214.80	
Due to Current Fund		1,776.00	
			1,990.80
Balance December 31, 2017			$ 860.00

Exhibit B-2

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other		Assessment	
Balance December 31, 2016		$ 1,908,993.42		$ 15,960.49
Increased By Receipts:				
Tourism Development	$ 33,849.00		$ -	
Recreation	192,428.44		-	
Parking Offenses Adjudication Act	1,284.00		-	
Public Defender	1,475.00		-	
Municipal Alliance	25,989.68		-	
Memorials/Beautification Enhancement	52,050.00		-	
Off Duty Police	-		-	
Recreation - Junior Lifeguards	4,625.00		-	
Fire Prevention	987.00		-	
Lifeguard Pension	36,731.20		-	
Forfeited Trust	5,915.26		-	
Tax Premiums	818,100.00		-	
Tax Title Liens	665,826.95		-	
Small Cities Escrow Deposits	41,927.40		-	
Developers Escrow	811,854.83		-	
Municipal Parking Capital Improvement Account	53.53		-	
UCC Third Party	424,353.00		-	
Flex Savings	780.00		-	
Due from POAA - Current	424.00		-	
Due to Current -TTL Premium	2,185.54		-	
Due to Current -TTL Redemption	234.05		-	
Interest Earned - Due to Current	7,378.51		105.18	
		3,128,452.39		105.18
		5,037,445.81		16,065.67
Decreased by Disbursements:				
Tourism Development	29,334.44		-	
Recreation	158,889.92		-	
Parking Offenses Adjudication Act	1,384.99		-	
Municipal Alliance	24,684.39		-	
D.A.R.E. Program	344.16		-	
Recreation - Junior Lifeguards	3,315.00		-	
Fire Prevention	10,526.81		-	
Forfeited Property	2,063.59		-	
Memorials/Beautification Enhancement	43,235.40		-	
UCC Third Party	472,732.60		-	
Lifeguard Pension	48,798.60		-	
Developers Escrow	217,372.82		-	
Tax Premiums	413,900.00		-	
Tax Title Liens	570,271.37		-	
Due to Current -TTL Premium	2,185.54		-	
Due to Current -TTL Redemption	234.05		-	
Due to Grant Fund	74,014.37		-	
Interest Paid to Current Fund	620.85		241.18	
		2,073,908.90		241.18
Balance December 31, 2017		$ 2,963,536.91		$ 15,824.49

TRUST FUND
SCHEDULE OF RESERVE/(DEFICIT) FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2016			$ 542.00
Increased By:			
Dog Licenses Fees Collected - City Share	$ 318.00		
Dog Licenses Fees Collected - State Share	214.80		
		532.80	
		1,074.80	
Decreased By:			
Statutory Excess Due to Current Fund	228.00		
Paid to State of New Jersey	214.80		
		442.80	
Balance December 31, 2017			$ 632.00

License Fees Collected	Year		
	2015	$	284.00
	2016		348.00
		$	632.00

Exhibit B-4

TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2016		$ 1,776.00
Increased By:		
Statutory Excess	$ 228.00	
		228.00
		2,004.00
Decreased By:		
Due to Current Fund	1,776.00	
		1,776.00
Balance December 31, 2017		$ 228.00

Exhibit B-5

TRUST FUND
SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY

Balance December 31, 2016		$ -
Increased By:		
Collected in 2017	$ 214.80	
		214.80
		214.80
Decreased By:		
Paid to State of New Jersey	214.80	
		214.80
Balance December 31, 2017		$ -

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2016		$ 1,647,514.81
Increased by:		
Due from Current Fund		
Budget Appropriation :		
Capital Improvement Fund	250,000.00	
Proceeds from Bond Anticipation Notes	7,455,000.00	
Reserve for NJEIT Advance	5,632,502.00	
Premium Received on Sale of Notes	1,340,751.78	
Improvement Authorization Reimbursements	31,110.00	
		14,709,363.78
		16,356,878.59
Decreased by:		
Improvement Authorizations	12,490,070.01	
Refund FEMA Grant - Beach Replenishment Project# 4048	181,159.75	
Capital Surplus - General Budget	50,000.00	
		12,721,229.76
Balance December 31, 2017		$ 3,635,648.83

GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Balance Dec. 31, 2016	Receipts		Disbursements		Transfers		Balance Dec. 31, 2017
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance		$ 960,544.36	-	-	-	50,000.00	-	-	910,544.36
Capital Improvement Fund		130.00	250,000.00	-	-	-	192,500.00	-	57,630.00
Reserve for Debt Service		241,159.75	1,340,751.78	-	-	181,159.75	-	-	1,400,751.78
Reserve for Debt Service - USDA		-	-	-	-	-	-	-	-
Reserve for NJEIT Advance		2,799,711.00	5,632,502.00	-	-	-	8,432,213.00	-	-
Encumbrances Payable		10,891,358.37	-	-	-	-	10,891,358.37	5,841,012.99	5,841,012.99
Due from Federal & State Grant Fund		4,636.03	-	-	-	-	-	-	4,636.03
Due to Current Fund		-							-
NJEIT 2017-A Receivable		-					16,402,475.00	8,432,213.00	(7,970,262.00)
Improvement Authorizations:									
1519	Various Capital Improvements	24,332.31	-		24,332.31	-	-	-	-
1546	Street and Utility Reconstruction of 12th Avenue	-					3,708.27	3,708.27	-
1553	Sanitary Sewer Improvements	1,089.09	-	-	-	-	-	-	1,089.09
1571	Acquisition of Property	7,298.15	-	-	-	-	-	-	7,298.15
1576	Sanitary Sewer Improv. Phase III	46,642.47	-	-	-	-	17,534.46	17,534.46	46,642.47
1600	Various Improvements	-	-	-	-	-	2,885.85	2,885.85	-
1611	Various Improvements	-	-	-	-	-	10,243.35	10,243.35	-
1624	Beach Replenishment	(207,000.37)	-	-	84,428.75	-	27,230.48	93,659.60	(225,000.00)
1648	Various Improvements	19,630.46	-	-	205.81	-	-	-	19,424.65
1652	Various Improvements	161,826.59	-	-	36,722.94	-	-	-	125,103.65
1653/1697	NJEIT Project	(14,101,646.70)	-	-	6,673,883.25	-	5,306,935.74	26,658,236.67	575,770.98
1617	Various Improvements	-	-	-	-	-	62,750.33	62,750.33	-
1667	Various Improvements	1,139.55	-	-	1,139.55	-	65,362.15	65,362.15	-
1691	Various Capital Improvements	88,930.69	-	-	118,930.69	-	-	30,000.00	-
1692	Various Capital Improvements	792,733.06	-	-	1,043,705.68	-	46,184.85	349,452.69	52,295.22
1701	Emergency Beach Replenishment	(285,000.00)	-	-	-	-	-	-	(285,000.00)
1707	Various Capital Improvements	200,000.00	-	3,800,000.00	2,910,406.58		209,142.40	-	880,451.02
1711	Various Capital Improvements	-	31,110.00	3,655,000.00	1,596,314.45		89,035.11	192,500.00	2,193,260.44
		$ 1,647,514.81	7,254,363.78	7,455,000.00	12,490,070.01	231,159.75	41,759,559.36	41,759,559.36	3,635,648.83

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2016		$	130.00
Increased by:			
Current Fund Budget Appropriation	250,000.00		
			250,000.00
			250,130.00
Decreased by:			
Improvement Authorizations Funded	192,500.00		
			192,500.00
Balance December 31, 2017		$	57,630.00

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2016		$ 30,886,010.21
Increased by:		
NJEIT Bond Issued	12,252,475.00	
NJEIT Loan Issued	4,150,000.00	
		16,402,475.00
		47,288,485.21
Decreased by:		
Serial Bonds Paid	2,900,000.00	
Wastewater Bonds Paid	190,000.00	
Wastewater Loan Payments	298,371.19	
Green Trust Loan Payments	6,332.24	
USDA Bonds Paid	209,782.79	
NJEIT Loan Forgiveness	3,103,960.00	
		6,708,446.22
Balance December 31, 2017		$ 40,580,038.99

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord #	Improvement Description		Balance Dec. 31, 2016	2017 Authorizations	Raised in 2017 Budget	Debt Issued	Other	Balance Dec. 31, 2017	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
1611	Various Improvements	$	1,420,000.00	-	-	-	60,000.00	1,360,000.00	1,360,000.00	-	-
1617	Various Improvements		1,800,000.00	-	-	-	50,000.00	1,750,000.00	1,750,000.00	-	-
1624	Beach Replenishment		475,000.00	-	-	-	-	475,000.00	250,000.00	225,000.00	-
1628	8th Street Field		2,270,000.00	-	-	-	290,000.00	1,980,000.00	1,980,000.00	-	-
1652	Various Improvements		3,800,000.00	-	-	-	120,000.00	3,680,000.00	3,680,000.00	-	-
1653/1697	NJEIT Project		16,500,000.00	-	-	16,402,475.00	-	97,525.00	-	-	97,525.00
1667	Various Improvements		1,425,000.00	-	-	-	-	1,425,000.00	1,425,000.00	-	-
1691	Various Capital Improvements		1,900,000.00	-	-	-	-	1,900,000.00	1,900,000.00	-	-
1692	Various Capital Improvements		1,805,000.00	-	-	-	-	1,805,000.00	1,805,000.00	-	-
1701	Emergency Beach Replenishment		285,000.00	-	-	-	-	285,000.00	-	285,000.00	-
1707	Various Capital Improvements		3,800,000.00	-	-	-	-	3,800,000.00	3,800,000.00	-	-
1711	Various Capital Improvements		-	3,657,500.00	-	-	-	3,657,500.00	3,655,000.00	-	2,500.00
		$	35,480,000.00	3,657,500.00	-	16,402,475.00	520,000.00	22,215,025.00	21,605,000.00	510,000.00	100,025.00

Improvement Authorizations Unfunded			3,351,135.33
Less:			
Unexpended Proceeds of Bond Anticipation Notes Issued:			
Ord. Number			
1652	$	125,103.65	
1692		52,295.22	
1707		880,451.02	
1711		2,193,260.44	
			3,251,110.33
			$ 100,025.00

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Intro Ord. Date	Amount	Balance December 31, 2016 Funded	Balance December 31, 2016 Unfunded	Capital Improvement Fund	Authorizations Other Funding	Authorizations Deferred Charges to Future Taxation	Paid or Charged/ Canceled	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded
1519	Various Capital Improvements	4/3/2007	5,549,000	24,332.31	-	-	-	-	24,332.31	-	-
1546	Utility Reconstruction 12th Avenue	10/7/2008	315,000	-	-	-	-	-	-	-	-
1553	Sanitary Sewer Improvements	10/21/2008	6,100,000	1,089.09	-	-	-	-	-	1,089.09	-
1571	Acquisition of Property	9/1/2009	940,000	7,298.15	-	-	-	-	-	7,298.15	-
1576	Sanitary Sewer Improvements	11/17/2009	3,650,000	46,642.47	-	-	-	-	-	46,642.47	-
1624	Beach Replenishment	5/7/2013	3,500,000	-	17,999.63	-	-	-	17,999.63	-	-
1648	Various Improvements	5/6/2014	600,000	19,630.46	-	-	-	-	205.81	19,424.65	-
1652	Various Improvements	6/17/2014	4,000,000	-	161,826.59	-	-	-	36,722.94	-	125,103.65
1653/1697	NJEIT Project	6/17/2014	10,500,000	-	2,398,353.30	-	-	-	1,725,057.32	575,770.98	97,525.00
1667	Various Improvements	3/3/2015	1,500,000	-	1,139.55	-	-	-	1,139.55	-	-
1691	Various Capital Improvements	12/15/2015	2,000,000	-	88,930.69	-	-	-	88,930.69	-	-
1692	Various Capital Improvements	3/15/2016	1,900,000	-	792,733.06	-	-	-	740,437.84	-	52,295.22
1701	Emergency Beach Replenishment	6/8/2016	300,000	-	-	-	-	-	-	-	-
1707	Various Capital Improvements	11/15/2016	4,000,000	200,000.00	3,800,000.00	-	-	-	3,119,548.98	-	880,451.02
1711	Various Capital Improvements	2/21/2017	3,850,000	-	-	192,500.00	-	3,657,500.00	1,654,239.56	-	2,195,760.44
				$ 298,992.48	7,260,982.82	192,500.00	-	3,657,500.00	7,408,614.63	650,225.34	3,351,135.33

Paid	12,490,070.01
Refund	(31,110.00)
Encumbrances Payable 12/31/17	5,841,012.99
Encumbrances Payable 12/31/16	(10,891,358.37)
	7,408,614.63

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017 Date	Amount	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
General Obligation Bonds of 2004	12/1/2004	8,000,000.00	12/1/2018	580,000.00	3.800%	1,280,000.00	-	700,000.00	580,000.00
General Obligation Bonds of 2009	12/1/2009	13,630,000.00	12/1/2018	1,400,000.00	3.250%	7,000,000.00	-	1,400,000.00	5,600,000.00
			12/1/2019	1,400,000.00	3.500%				
			12/1/2020	1,400,000.00	3.750%				
			12/1/2021	1,400,000.00	3.750%				
General Obligation Bonds of 2013	8/1/2013	11,400,000.00	8/1/2018	940,000.00	4.000%	9,400,000.00	-	800,000.00	8,600,000.00
			8/1/2019	980,000.00	4.000%				
			8/1/2020	980,000.00	3.000%				
			8/1/2021	1,000,000.00	3.000%				
			8/1/2022	1,150,000.00	3.000%				
			8/1/2023	1,150,000.00	3.250%				
			8/1/2024	1,200,000.00	3.500%				
			8/1/2025	1,200,000.00	3.625%				
						$ 17,680,000.00	-	2,900,000.00	14,780,000.00

GENERAL CAPITAL FUND
SCHEDULE OF WASTEWATER TREATMENT TRUST BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017 Date	Amount	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Wastewater Treatment Fund Bonds of 1998	10/15/1997	1,075,000.00				$ 85,000.00	-	85,000.00	-
Wastewater Treatment Fund Bonds of 2003A	10/15/2002	1,745,000.00	8/1/2018	115,000.00	5.000%	730,000.00	-	105,000.00	625,000.00
			8/1/2019	120,000.00	5.000%				
			8/1/2020	125,000.00	5.000%				
			8/1/2021	130,000.00	5.000%				
			8/1/2022	135,000.00	5.000%				
Wastewater Treatment Fund Bonds of 2017A		4,150,000.00	8/1/2018	80,000.00	5.000%	-	4,150,000.00		4,150,000.00
			8/1/2019	85,000.00	5.000%				
			8/1/2020	85,000.00	5.000%				
			8/1/2021	90,000.00	5.000%				
			8/1/2022	95,000.00	5.000%				
			8/1/2023	100,000.00	5.000%				
			8/1/2024	105,000.00	5.000%				
			8/1/2025	110,000.00	5.000%				
			8/1/2026	115,000.00	3.000%				
			8/1/2027	120,000.00	3.000%				
			8/1/2028	125,000.00	3.000%				
			8/1/2029	125,000.00	3.000%				
			8/1/2030	130,000.00	3.000%				
			8/1/2031	135,000.00	3.000%				
			8/1/2032	140,000.00	3.000%				
			8/1/2033	145,000.00	3.125%				
			8/1/2034	150,000.00	3.250%				
			8/1/2035	155,000.00	3.250%				
			8/1/2036	155,000.00	3.375%				
			8/1/2037	165,000.00	3.375%				
			8/1/2038	170,000.00	3.375%				
			8/1/2039	175,000.00	3.375%				
			8/1/2040	180,000.00	3.375%				
			8/1/2041	185,000.00	3.500%				
			8/1/2042	190,000.00	3.500%				
			8/1/2043	200,000.00	3.500%				
			8/1/2044	205,000.00	3.500%				
			8/1/2045	215,000.00	3.500%				
			8/1/2046	220,000.00	3.500%				
						$ 815,000.00	4,150,000.00	190,000.00	4,775,000.00

GENERAL CAPITAL FUND
SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017 Date	Amount	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Wastewater Treatment Fund Loan of 2003A	10/15/2002	1,843,735.00	2/1/2018	10,159.44	N/A	565,757.68	-	92,786.59	472,971.09
			8/1/2018	85,749.34					
			2/1/2019	8,269.69					
			8/1/2019	87,146.11					
			2/1/2020	6,297.78					
			8/1/2020	88,460.72					
			2/1/2021	4,243.71					
			8/1/2021	89,693.16					
			2/1/2022	2,107.47					
			8/1/2022	90,843.67					
Wastewater Treatment Fund Loan of 2014A		9,148,515.00	2/1/2018	102,792.30	N/A	-	9,148,515.00	205,584.60	8,942,930.40
			8/1/2018	205,584.60					
			2/1/2019	102,792.30					
			8/1/2019	205,584.60					
			2/1/2020	102,792.30					
			8/1/2020	205,584.60					
			2/1/2021	102,792.30					
			8/1/2021	205,584.60					
			2/1/2022	102,792.30					
			8/1/2022	205,584.60					
			2/1/2023	102,792.30					
			8/1/2023	205,584.60					
			2/1/2024	102,792.30					
			8/1/2024	205,584.60					
			2/1/2025	102,792.30					
			8/1/2025	205,584.60					
			2/1/2026	102,792.30					
			8/1/2026	205,584.60					
			2/1/2027	102,792.30					
			8/1/2027	205,584.60					
			2/1/2028	102,792.30					
			8/1/2028	205,584.60					
			2/1/2029	102,792.30					
			8/1/2029	205,584.60					
			2/1/2030	102,792.30					
			8/1/2030	205,584.60					
			2/1/2031	102,792.30					
			8/1/2031	205,584.60					
			2/1/2032	102,792.30					
			8/1/2032	205,584.60					
			2/1/2033	102,792.30					
			8/1/2033	205,584.60					
			2/1/2034	102,792.30					
			8/1/2034	205,584.60					
			2/1/2035	102,792.30					
			8/1/2035	205,584.60					
			2/1/2036	102,792.30					
			8/1/2036	205,584.60					

GENERAL CAPITAL FUND
SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017 Date	Amount	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Wastewater Treatment Fund Loan of 2014A (cont)			2/1/2037	102,792.30					
			8/1/2037	205,584.60					
			2/1/2038	102,792.30					
			8/1/2038	205,584.60					
			2/1/2039	102,792.30					
			8/1/2039	205,584.60					
			2/1/2040	102,792.30					
			8/1/2040	205,584.60					
			2/1/2041	102,792.30					
			8/1/2041	205,584.60					
			2/1/2042	102,792.30					
			8/1/2042	205,584.60					
			2/1/2043	102,792.30					
			8/1/2043	205,584.60					
			2/1/2044	102,792.30					
			8/1/2044	205,584.60					
			2/1/2045	102,792.30					
			8/1/2045	205,584.60					
			2/1/2046	102,792.30					
			8/1/2046	205,584.90					
						$ 565,757.68	9,148,515.00	298,371.19	9,415,901.49

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017 Date	Amount	Interest Rate		Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Skateboard Park	4/19/2005	120,000.00	2018	6,459.51	2.000%	$	58,062.64	-	6,332.24	51,730.40
			2019	6,589.35						
			2020	6,721.80						
			2021	6,856.90						
			2022	6,994.72						
			2023	7,135.32						
			2024	7,278.74						
			2025	3,694.06						
						$	58,062.64	-	6,332.24	51,730.40

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Various Improvements	1611	8/27/2013	8/25/2016	8/25/2017	2.000%	1,420,000.00	-	1,420,000.00	-
			8/23/2017	8/23/2018	2.250%	-	1,360,000.00	-	1,360,000.00
Various Improvements	1617	8/27/2013	8/24/2016	8/24/2017	2.000%	1,800,000.00	-	1,800,000.00	-
			8/23/2017	8/23/2018	2.250%	-	1,750,000.00		1,750,000.00
Beach Replenishment	1624	8/27/2013	8/24/2016	8/24/2017	2.000%	250,000.00	-	250,000.00	-
			8/23/2017	8/23/2018	2.250%	-	250,000.00	-	250,000.00
8th Street Field	1628	8/27/2013	8/24/2016	8/24/2017	2.000%	2,270,000.00	-	2,270,000.00	-
			8/23/2017	8/23/2018	2.250%	-	1,980,000.00	-	1,980,000.00
Various Improvements	1652	1/27/2015	8/24/2016	8/24/2017	2.000%	3,400,000.00	-	3,400,000.00	-
			8/23/2017	8/23/2018	2.250%	-	3,280,000.00	-	3,280,000.00
Various Improvements	1652	5/10/2016	5/10/2016	5/10/2017	2.250%	400,000.00	-	400,000.00	-
			5/9/2017	5/9/2018	2.250%	-	400,000.00		400,000.00
Various Capital Improvements	1667	5/10/2016	5/10/2016	5/10/2017	2.250%	1,425,000.00	-	1,425,000.00	-
			5/9/2017	5/9/2018	2.250%	-	1,425,000.00		1,425,000.00
Various Capital Improvements	1691	5/10/2016	5/10/2016	5/10/2017	2.250%	1,900,000.00	-	1,900,000.00	-
			5/9/2017	5/9/2018	2.250%	-	1,900,000.00	-	1,900,000.00
Various Capital Improvements	1692	5/10/2016	5/10/2016	5/10/2017	2.250%	1,805,000.00	-	1,805,000.00	-
			5/9/2017	5/9/2018	2.250%	-	1,805,000.00	-	1,805,000.00
Various Capital Improvements	1707	N/A	8/23/2017	8/23/2018	2.250%	-	3,800,000.00		3,800,000.00
Various Capital Improvements	1711	N/A	8/23/2017	8/23/2018	2.250%	-	3,655,000.00		3,655,000.00
						$ 14,670,000.00	21,605,000.00	14,670,000.00	21,605,000.00

GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Debt Issued	Canceled	Balance Dec. 31, 2017
1624	Beach Replenishment	$ 225,000.00	-	-	-	225,000.00
1653	NJEIT Project	10,500,000.00	-	10,500,000.00	-	-
1697	Emergency Road Improvements	6,000,000.00	-	5,902,475.00	-	97,525.00
1701	Emergency Beach Replenishment	285,000.00	-	-	-	285,000.00
1707	Various Capital Improvements	3,800,000.00	-	3,800,000.00	-	-
1711	Various Capital Improvements	-	3,657,500.00	3,655,000.00		2,500.00
		$ 20,810,000.00	3,657,500.00	23,857,475.00	-	610,025.00

$ 7,455,000.00	New Notes Issued
16,402,475.00	NJEIT Loan Issued
$ 23,857,475.00	

CITY OF NORTH WILDWOOD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2017

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective January 1, 2011, the bid threshold was $17,500. However, effective July 1, 2015, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at $40,000.00 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of $40,000.00.

The governing body of the City of North Wildwood has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution on January 3, 2017 authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the City Council of the City of North Wildwood, in the County of Cape May that pursuant to N.J.S.A. 54:4-67, the following interest rates be and are hereby fixed for property taxes and other municipal claims, which may be or may hereafter become delinquent, at 8% per annum on the first $1,500.00 of the aggregate delinquency and 18% per annum on any amount in excess of $1,500.00 of the aggregate delinquency.

BE IT FURTHER RESOLVED that there be accorded to the taxpayer a ten (10) day grace period for the payment of property taxes from the date when due, after which the payments on said municipal assessments shall become delinquent and interest payable there under as fixed by this resolution shall be calculated from the due date of said municipal claims and assessments.

It appears from an examination of the collector's records that interest was charged in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on December 28, 2017 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

Year	Number
2017	14
2016	11
2015	10

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as, current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

Type:	Number Mailed
Payments of 2017 and 2018 Taxes	10
Delinquent Taxes	5
Current Water and Sewer Utility Rents	10
Delinquent Water and Sewer Rents	5
Total	30

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collections
2017	$ 32,296,325.16	32,117,396.22	99.45%
2016	31,625,769.98	31,459,646.77	99.47%
2015	30,535,487.33	30,314,195.55	99.28%
2014	30,005,531.03	29,779,366.54	99.25%
2013	29,609,885.99	29,363,394.62	99.17%

Comparative Schedule of Tax Rate Information

		2017	2016	2015	2014	2013
Tax Rate	$	1.242	1.218	1.128	1.101	1.078
Apportionment of Tax Rate:						
Municipal		0.708	0.698	0.644	0.625	0.612
County		0.261	0.252	0.239	0.243	0.246
Local School		0.273	0.268	0.245	0.233	0.220
Assessed Valuation		2,582,085,857	2,582,103,357	2,694,567,728	2,717,153,370	2,726,654,433

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

Year		Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2017	$	280,898.77	496,633.01	777,531.78	2.41%
2016		275,359.24	489,051.76	764,411.00	2.42%
2015		267,856.05	451,978.30	719,834.35	2.36%
2014		4,090.16	421,667.80	425,757.96	1.42%
2013		776.61	415,281.22	416,057.83	1.41%

Uniform Construction Code

The City of North Wildwood construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

> "All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either
>
> a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
> b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time with some exceptions relating to deposits made on behalf of the Police Department.

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RECOMMENDATIONS

None.

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

Should any questions arise as to my comment or recommendation, or should you desire assistance in implementing my recommendation, please do not hesitate to contact me.

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

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

April 6, 2018