

BOROUGH OF WILDWOOD CREST

COUNTY OF CAPE MAY

NEW JERSEY

AUDIT REPORT

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

BOROUGH OF WILDWOOD CREST

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BOROUGH OF WILDWOOD CREST

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BOROUGH OF WILDWOOD CREST

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Board of Commissioners
Borough of Wildwood Crest, 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 Borough of Wildwood Crest, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough'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 Borough of Wildwood Crest 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 Borough of Wildwood Crest as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Wildwood Crest’s basic financial statements. The supplementary information listed in the table of contents 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 is the responsibility of management and was derived from and relate 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 supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 May 26, 2017 on our consideration of the Borough of Wildwood Crest'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 Borough of Wildwood Crest'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

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 26, 2017

EXHIBIT A - CURRENT FUND

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

	2016	2015
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 13,535,694.16	13,480,853.99
Change and Petty Cash Funds	1,675.00	1,225.00
Total Cash	13,537,369.16	13,482,078.99
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	394,624.55	430,338.68
Revenue Accounts Receivable	218,842.20	208,718.91
Interfund Receivable:		
Due from Animal Control Fund	-	0.93
Due from General Capital Fund	-	1,044.51
Due from Trusts - Other	15,022.23	18,489.86
Due from Grant Fund	93,293.82	196,031.81
Due from State of New Jersey		
Senior Citizens and Veterans	374.55	624.55
Total Receivables and Other Assets	722,157.35	855,249.25
Deferred Charges:		
Special Emergency Authorization	160,000.00	320,000.00
Total Regular Fund	14,419,526.51	14,657,328.24
Federal and State Grant Fund:		
Cash	171,284.07	171,284.07
Federal and State Grants Receivable	801,438.29	778,159.56
Total Federal and State Grant Fund	972,722.36	949,443.63
Total Current Fund	\$ 15,392,248.87	15,606,771.87

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,063,775.84	1,499,725.44
Encumbrances Payable/Accounts Payable	438,094.44	707,250.51
Accounts Payable	30,130.60	54,254.02
Payroll Deductions Payable	3,262.50	1,376.88
Prepaid Taxes	756,105.00	767,517.61
Overpaid Taxes	13,142.10	-
Local School Tax Payable	1,694,733.42	2,201,095.92
County Added Tax Payable	-	5,151.66
Prepaid Sewer Rents	24,797.21	13,592.81
Sewer Rent Overpayments	26,840.27	13,097.58
Due to GWTIDA	220.00	300,328.70
Prepaid TDC Fees	1,000.00	900.00
Prepaid Licenses	350.00	350.00
Other		
Reserve for Tax Appeals	250,000.00	250,000.00
Reserve for Hurricane Sandy Expenses	303,078.20	303,078.20
Reserve for Beach Operations Offset	273,816.02	268,247.41
Reserve for Master Plan	15,000.00	15,000.00
Reserve for Insurance Proceeds	19,876.52	12,243.15
Reserve for Revaluation	13,725.46	13,725.46
	5,927,947.58	6,426,935.35
Reserve for Receivables and Other Assets	721,782.80	854,624.70
Fund Balance	7,769,796.13	7,375,768.19
Total Regular Fund	14,419,526.51	14,657,328.24
Federal and State Grant Fund:		
Unappropriated Reserves	36,089.64	32,298.99
Appropriated Reserves	824,974.90	700,558.83
Due to Current Fund	93,293.82	196,031.81
Due to General Capital Fund	15,200.00	15,200.00
Encumbrances Payable	3,164.00	5,354.00
Total Federal and State Grant Fund	972,722.36	949,443.63
Total Current Fund	\$ 15,392,248.87	15,606,771.87

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 3,000,000.00	1,600,000.00
Miscellaneous Revenue Anticipated	6,668,521.34	7,672,481.18
Receipts from Delinquent Taxes	420,183.99	423,674.23
Receipts from Current Taxes	26,914,078.88	26,496,647.58
Non Budget Revenue	167,813.03	218,044.31
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,489,536.15	1,373,428.70
Grants Cancelled	22,294.55	-
Interfund Returned	107,251.06	-
Total Income	38,789,679.00	37,784,276.00
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,887,493.00	5,599,776.00
Other Expenses	7,171,205.80	6,829,738.00
Deferred Charges & Statutory Expenditures	1,219,840.00	1,207,840.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	42,000.00	35,000.00
Other Expenses	3,494,878.09	3,665,672.11
Capital Improvements	1,812,508.50	2,979,000.00
Municipal Debt Service	3,211,818.07	2,510,452.61
Deferred Charges & Statutory Expenditures	160,000.00	160,000.00
Local District School Tax	6,886,530.00	6,751,500.00
County Tax	5,501,895.95	5,471,437.46
County Share of Added Tax	7,105.21	5,151.66
Interfund Created	-	126,054.76
Prior Year Senior Citizens Disallowed	-	250.00
Prior Year Cancellations	376.44	-
Total Expenditures	35,395,651.06	35,341,872.60
Excess in Revenue	3,394,027.94	2,442,403.40

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	2016	2015
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-
Total Adjustments	-	-
Statutory Excess to Fund Balance	3,394,027.94	2,442,403.40
Fund Balance January 1	7,375,768.19	6,533,364.79
	10,769,796.13	8,975,768.19
Decreased by:		
Utilization as Anticipated Revenue	3,000,000.00	1,600,000.00
Fund Balance December 31	\$ 7,769,796.13	7,375,768.19

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, 2016

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,000,000.00	3,000,000.00	
Total Fund Balance Anticipated	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	190,000.00		(17,522.00)
Fees and Permits	120,000.00	172,478.00	60,582.00
Fines and Costs:			
Municipal Court	85,000.00	81,852.00	(3,148.00)
Interest and Costs on Taxes	80,000.00	91,784.55	11,784.55
Parking Meters	240,000.00	279,808.72	39,808.72
Interest on Investments and Deposits	55,000.00	79,005.81	24,005.81
Municipal Pier and Concession Income	280,000.00	377,300.00	97,300.00
Interest and Costs on Delinquent Sewer Rents	19,000.00	20,385.47	1,385.47
Sewer Rents	3,410,000.00	3,866,872.23	456,872.23
Recreation Income - Pool	72,000.00	86,121.00	14,121.00
TV Cable Franchise Fee	44,185.00	46,812.21	2,627.21
Fees and Permits - Craft Show	4,000.00	6,875.00	2,875.00
Ambulance Fees	160,000.00	170,896.22	10,896.22
Total Section A: Local Revenues	<u>4,759,185.00</u>	<u>5,460,773.21</u>	<u>701,588.21</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	381,045.00	381,045.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>381,045.00</u>	<u>381,045.00</u>	<u>-</u>

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, 2016

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	13,103.10		13,103.10	
Clean Communities Program	25,259.72		25,259.72	
Drunk Driving Enforcement Fund	3,684.78		3,684.78	
State Aid - Housing	42,000.00		42,000.00	
Police Body Armor Grant	2,015.49		2,015.49	
NJ Department of Transportation Pacific Ave	-	180,501.00	180,501.00	
GWTIDA - Summer Events Grants	26,500.00		26,500.00	
Total Section F: Special Items - Public and Private Programs	112,563.09	180,501.00	293,064.09	-
Section G: Special Items of General Revenue Anticipated with				
Prior Written Consent of Director of Local Government				
Services - Other Special Items;				
Uniform Fire Safety Act	142,000.00		162,418.71	20,418.71
Beach Operation Off-Set - Reserved	268,247.00		268,247.00	-
GWTIDA - Municipal Event Support	34,000.00		35,442.73	1,442.73
Court Administrator	45,000.00		67,530.60	22,530.60
Total Section G: Special Items of General Revenue Anticipated	489,247.00	-	533,639.04	44,392.04
Total Miscellaneous Revenues:	5,742,040.09	180,501.00	6,668,521.34	745,980.25
Receipts from Delinquent Taxes	400,000.00		420,183.99	20,183.99

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	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	\$ 14,921,817.42		15,367,613.34	445,795.92
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>14,921,817.42</u>	-	<u>15,367,613.34</u>	<u>445,795.92</u>
Budget Totals	24,063,857.51	180,501.00	25,456,318.67	1,211,960.16
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		167,813.03	167,813.03
	<u>\$ 24,063,857.51</u>	<u>180,501.00</u>	<u>25,624,131.70</u>	<u>1,379,773.19</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	26,914,078.88
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Allocated to:

School, County and Other Taxes		<u>12,395,531.16</u>
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Balance for Support of Municipal Budget Appropriations		14,518,547.72
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>849,065.62</u>
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Amount for Support of Municipal Budget Appropriations		<u><u>15,367,613.34</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		<u>420,183.99</u>
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Total Receipts from Delinquent Taxes		<u><u>420,183.99</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Late Mercantile Penalties		4,345.00
Pension Refunds		49.00
Code Violations		200.00
Sale of Municipal Assets		15,836.00
Administration Fee - Vets and Seniors		1,312.22
Administration Fee - Homestead Rebates		229.80
Police Reports		5,370.00
TDF Collections		30,000.00
Copies		1,136.77
JIF Dividend		66,962.90
Statutory Excess - Dog Fund		1,039.00
DMV Fines		550.00
Employee Health Insurance Premium CoPay		2,058.40
Gymnasium Light Rebate		1,800.00
Recycling		4,880.95
Bad Check Fee		360.00
Interlocal Agreement		5,000.00
Junior Lifeguard Program		4,935.00
Sand Back Reimbursement		14,252.78
Miscellaneous		<u>7,495.21</u>

Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>167,813.03</u></u>
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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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY:						
Directors Office						
Salaries and Wages	\$ 45,500.00	25,500.00	24,259.33		1,240.67	
Other Expenses	6,000.00	6,000.00	1,488.96		4,511.04	
Fire						
Salaries and Wages	2,500.00	2,500.00	2,500.00		-	
Other Expenses	197,900.00	197,900.00	194,906.89		2,993.11	
Police						
Salaries and Wages	2,279,082.00	2,179,082.00	2,117,098.29		61,983.71	
Other Expenses	253,500.00	353,500.00	157,772.57	144,436.50	51,290.93	
Municipal Prosecutor						
Other Expenses	18,000.00	18,000.00	15,000.00		3,000.00	
Legal						
Other Expenses	179,000.00	179,000.00	166,338.65		12,661.35	
Local Code Enforcement						
Salaries and Wages	33,000.00	33,000.00	24,800.00		8,200.00	
Other Expenses	6,500.00	6,500.00	3,394.35		3,105.65	
Emergency Management Services						
Salaries and Wages	3,500.00	3,500.00	3,500.00		-	
Other Expenses	2,500.00	2,500.00	-		2,500.00	
Services of Ambulance						
Salaries and Wages	535,000.00	510,000.00	494,183.97		15,816.03	
Other Expenses	50,200.00	50,200.00	22,591.56	17,449.18	10,159.26	
Environmental Commission (N.J.S. 40:56A-1)						
Salaries and Wages	2,000.00	2,000.00	1,000.08		999.92	
Other Expenses	500.00	500.00			500.00	
Lifeguards						
Salaries and Wages	535,000.00	535,000.00	532,677.55		2,322.45	
Other Expenses	75,580.00	75,580.00	75,217.25		362.75	
Land Use Administration						
Salaries and Wages	22,000.00	22,000.00	21,799.98		200.02	
Other Expenses	181,400.00	181,400.00	85,034.00	67,096.92	29,269.08	
Traffic Maintenance						
Salaries and Wages	80,400.00	80,400.00	76,483.11		3,916.89	
Other Expenses	31,650.00	31,650.00	31,595.58		54.42	

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY: (CONTINUED)						
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Fire Official						
Salaries and Wages	\$ 112,000.00	112,000.00	107,376.13		4,623.87	
Other Expenses	12,600.00	12,600.00	9,619.27	750.89	2,229.84	
Animal Control						
Other Expenses	33,000.00	33,000.00	25,471.04		7,528.96	
Municipal Court						
Salaries and Wages	155,345.00	155,345.00	155,313.45		31.55	
Other Expenses	16,845.00	16,845.00	13,737.41		3,107.59	
Public Defender (P.L. 1997, C.256)						
Other Expenses	13,000.00	13,000.00	11,458.26		1,541.74	
New Jersey Public Employees						
DEPARTMENT OF REVENUE AND FINANCE:						
Director's Office						
Salaries and Wages	20,250.00	20,250.00	18,700.05		1,549.95	
Other Expenses	1,200.00	1,200.00	826.12		373.88	
Borough Administration						
Salaries and Wages	144,855.00	144,855.00	125,583.86		19,271.14	
Other Expenses	120,455.00	132,455.00	120,736.28	2,009.60	9,709.12	
Election Expense	19,200.00	19,200.00	17,397.28		1,802.72	
Financial Administration						
Salaries and Wages	239,000.00	214,000.00	187,456.23		26,543.77	
Other Expenses	116,650.00	116,650.00	88,050.71	2,113.96	26,485.33	
Municipal Audit	33,700.00	33,700.00	33,700.00		-	
Assessment of Taxes						
Salaries and Wages	50,000.00	50,000.00	40,289.94		9,710.06	
Other Expenses	23,780.00	23,780.00	5,261.00	1,302.84	17,216.16	
Collection of Taxes						
Salaries and Wages	155,000.00	143,000.00	133,059.96		9,940.04	
Other Expenses	21,500.00	21,500.00	15,555.34	54.70	5,889.96	

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF REVENUE AND FINANCE:						
(CONTINUED)						
Utility Billing Expenses	\$ 11,600.00	11,600.00	9,331.28	43.87	2,224.85	
Other Expenses						
Insurance						
General Liability	180,000.00	180,000.00	180,000.00		-	
Workers Compensation	360,000.00	360,000.00	330,010.43		29,989.57	
Employee Group Health	3,018,345.80	2,923,345.80	2,224,684.87	761.28	697,899.65	
Health Benefit Waiver						
Salaries and Wages	30,000.00	30,000.00	27,663.59		2,336.41	
DEPARTMENT OF PUBLIC WORKS PARKS AND PUBLIC PROPERTY:						
Director's Office						
Salaries and Wages	17,500.00	17,500.00	17,500.00		-	
Other Expenses	750.00	750.00	225.96		524.04	
Engineer						
Other Expenses	80,000.00	80,000.00	38,545.49	12,784.00	28,670.51	
Landfill						
Other Expenses	333,000.00	333,000.00	327,608.75		5,391.25	
Public Works						
Salaries and Wages	387,000.00	377,000.00	367,940.54		9,059.46	
Other Expenses	85,300.00	113,400.00	53,681.88	59,522.92	195.20	
Recreation Buildings						
Other Expenses	83,250.00	83,250.00	74,864.20	5,600.00	2,785.80	
Beach Cleaning						
Salaries and Wages	40,000.00	37,700.00	33,754.35		3,945.65	
Other Expenses	61,000.00	61,000.00	54,549.05	1,622.00	4,828.95	
Sanitation						
Salaries and Wages	383,000.00	357,200.00	352,251.65		4,948.35	
Other Expenses	45,000.00	45,000.00	42,527.30	395.00	2,077.70	
Parks and Buildings						
Salaries and Wages	182,000.00	147,000.00	133,380.44		13,619.56	
Other Expenses	114,200.00	114,200.00	88,758.91	13,463.06	11,978.03	
Sewage						
Salaries and Wages	105,000.00	105,000.00	91,058.41		13,941.59	
Other Expenses	37,100.00	37,100.00	23,910.60		13,189.40	

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS						
PARKS AND PUBLIC PROPERTY:(CONTINUED)						
Fleet Maintenance						
Salaries and Wages	\$ 134,000.00	122,000.00	118,978.41		3,021.59	
Other Expenses	138,400.00	150,400.00	140,570.74	9,389.14	440.12	
Tourism						
Salaries and Wages	12,000.00	12,000.00	9,214.25		2,785.75	
Other Expenses	107,400.00	107,400.00	88,870.43	18,500.00	29.57	
Recreation Commission (N.J.S. 40:61-17)						
Salaries and Wages	305,000.00	305,000.00	304,194.22		805.78	
Other Expenses	33,800.00	33,800.00	31,548.15	960.00	1,291.85	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS						
APPROPRIATIONS OFFSET BY REVENUES						
State Uniform Construction Code						
Salaries and Wages	99,661.00	99,661.00	98,152.56		1,508.44	
Other Expenses	38,300.00	38,300.00	17,785.99	310.00	20,204.01	
UTILITY EXPENSES AND BULK PURCHASES:						
Water	90,000.00	90,000.00	80,808.50		9,191.50	
Street Lighting	185,000.00	185,000.00	150,658.13		34,341.87	
Telephone	100,000.00	100,000.00	75,312.63	88.98	24,598.39	
Fire Hydrants	47,000.00	47,000.00	11,830.00		35,170.00	
Natural Gas	90,000.00	90,000.00	79,414.99		10,585.01	
Electric	220,000.00	220,000.00	182,925.02		37,074.98	
Gasoline	180,000.00	180,000.00	79,196.45		100,803.55	
Accumulated Absence Liability	45,000.00	45,000.00	45,000.00		-	
Information Technology	60,000.00	60,000.00	32,920.00		27,080.00	
TOTAL OPERATIONS WITHIN "CAPS"	13,268,698.80	13,058,698.80	11,180,862.62	358,654.84	1,519,181.34	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	13,268,698.80	13,058,698.80	11,180,862.62	358,654.84	1,519,181.34	-
Detail:						
Salaries and Wages	6,154,593.00	5,887,493.00	5,665,170.35	-	222,322.65	-
Other Expenses	7,114,105.80	7,171,205.80	5,515,692.27	358,654.84	1,296,858.69	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES/STATUTORY EXPENDITURES						
Deferred Charges:						
none		-				
Statutory Expenditures:						
Contributions to:						
Police and Fire Retirement System of N.J.	\$ 402,472.00	402,472.00	354,782.00		47,690.00	
Public Employees Retirement System	289,168.00	289,168.00	283,696.49		5,471.51	
Social Security System (O.A.S.I.)	490,000.00	490,000.00	431,805.88		58,194.12	
Unemployment Compensation Insurance	34,000.00	34,000.00	34,000.00		-	
Defined Contribution Retirement Plan	4,200.00	4,200.00			4,200.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>1,219,840.00</u>	<u>1,219,840.00</u>	<u>1,104,284.37</u>	<u>-</u>	<u>115,555.63</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>14,488,538.80</u>	<u>14,278,538.80</u>	<u>12,285,146.99</u>	<u>358,654.84</u>	<u>1,634,736.97</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	3,410,000.00	3,410,000.00	3,155,906.00		254,094.00	
Cape May County MUA - Charges						
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	<u>3,410,000.00</u>	<u>3,410,000.00</u>	<u>3,155,906.00</u>	<u>-</u>	<u>254,094.00</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Drunk Driving Enforcement Fund	3,684.78	3,684.78	3,684.78		-	
Police Body Armor Fund	2,015.49	2,015.49	2,015.49		-	
Recycling Tonnage Grant	13,103.10	13,103.10	13,103.10		-	
Clean Communities Program	25,259.72	25,259.72	25,259.72		-	
GWTIDA Summer Events	26,500.00	26,500.00	26,500.00		-	
Matching Funds for Grants	12,000.00	12,000.00			12,000.00	
Municipal Alliance Consortium - Local share	2,315.00	2,315.00	1,538.50		776.50	
State Aid Housing						
Salaries and Wages	42,000.00	42,000.00	42,000.00		-	
Total Public and Private Programs Off-Set by Revenues	<u>126,878.09</u>	<u>126,878.09</u>	<u>114,101.59</u>	<u>-</u>	<u>12,776.50</u>	<u>-</u>

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS"	\$ 3,536,878.09	3,536,878.09	3,270,007.59	-	266,870.50	-
Detail:						
Salaries and Wages	42,000.00	42,000.00	42,000.00	-	-	-
Other Expenses	3,494,878.09	3,494,878.09	3,228,007.59	-	266,870.50	-
(C) Capital Improvements						
Down Payments on Improvements	150,000.00	150,000.00	150,000.00	-	-	-
Capital Improvement Fund	450,000.00	660,000.00	660,000.00	-	-	-
Emergency Sewer Repairs	200,000.00	200,000.00	39,458.59	-	160,541.41	85,238.92
Improvements to Borough Roads & Intersections	100,000.00	100,000.00	14,761.08	60,539.60	1,626.96	221,990.00
Improvements to Borough Buildings	685,000.00	685,000.00	400,843.44	18,900.00	-	41,100.00
Improvements to Borough Facilities	60,000.00	60,000.00	125,336.42	-	-	63.58
Fire Department Equipment	125,400.00	125,400.00	-	-	-	-
Public and Private Programs Offset by Revenues: New Jersey DOT Trust Fund Pacific Ave Ch 159	-	180,501.00	180,501.00	-	-	-
Total Capital Improvements	1,770,400.00	2,160,901.00	1,570,900.53	79,439.60	162,168.37	348,392.50
(D) Debt Service						
Payment of Bond Principal	1,770,000.00	1,770,000.00	1,770,000.00	-	-	-
Payment of Bond Anticipation Notes		-	-	-	-	-
Interest on Bonds	489,050.00	489,050.00	489,050.00	-	-	-
Interest on Notes	55,000.00	55,000.00	8,238.90	-	-	46,761.10
USRDA						
Principal	21,600.00	21,600.00	21,600.00	-	-	-
Interest	58,500.00	58,500.00	58,170.00	-	-	330.00
New Jersey Environmental Infrastructure Trust						
Principal	695,750.00	695,750.00	695,729.17	-	(0.00)	20.83
Interest	169,075.00	169,075.00	169,030.00	-	-	45.00
Total Debt Service	3,258,975.00	3,258,975.00	3,211,818.07	-	(0.00)	47,156.93
(E) Deferred Charges						
Special Emergency Authorization	160,000.00	160,000.00	160,000.00	-	-	-
Deferred Charges to Future Taxation - Unfunded Ordinance 1061(b)	-	-	-	-	-	-
Total Deferred Charges	160,000.00	160,000.00	160,000.00	-	-	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 8,726,253.09	9,116,754.09	8,212,726.19	79,439.60	429,038.87	395,549.43
SUBTOTAL GENERAL APPROPRIATIONS	23,214,791.89	23,395,292.89	20,497,873.18	438,094.44	2,063,775.84	395,549.43
(M) Reserve for Uncollected Taxes	849,065.62	849,065.62	849,065.62			
TOTAL GENERAL APPROPRIATIONS	\$ 24,063,857.51	24,244,358.51	21,346,938.80	438,094.44	2,063,775.84	395,549.43
Budget Appropriations by 40A:4-87 Emergency Appropriations		\$ 24,063,857.51				
		180,501.00				
		-				
		<u>24,244,358.51</u>				
Reserve for Uncollected Taxes			849,065.62			
Federal and State Grants			293,064.09			
Deferred Charges - Special Emergency Disbursements			160,000.00			
			20,044,809.09			
			<u>21,346,938.80</u>			

EXHIBIT B - TRUST FUND

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

	2016	2015
ASSETS		
Animal Control Fund:		
Cash	\$ 2,082.00	2,550.93
Due from Current Fund	-	-
	2,082.00	2,550.93
Other Funds:		
Cash - Treasurer	1,163,283.43	996,147.06
	1,163,283.43	996,147.06
	\$ 1,165,365.43	998,697.99
 LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Due to Current Fund	-	0.93
Reserve for Expenditures	2,082.00	2,550.00
	2,082.00	2,550.93
Other Funds:		
Due to State of New Jersey:		
Marriage License Fees	275.00	275.00
DCA State Training Fees	5,196.00	4,061.00
Due to Current Fund	15,022.23	18,489.86
Reserve for Encumbrances	32,663.18	32,663.18
Reserves - Miscellaneous	1,110,127.02	940,658.02
	1,163,283.43	996,147.06
	\$ 1,165,365.43	998,697.99

EXHIBIT C - CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	\$	6,016,974.51	2,935,019.71
Deferred Charges to Future Taxation -			
Funded		28,607,711.53	31,095,012.43
Unfunded		4,262,088.00	4,000,088.00
Due from Grant Fund		15,200.00	15,200.00
NJEIT Loan Receivable		750,701.00	2,079,077.00
		<u>39,652,675.04</u>	<u>40,124,397.14</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due to Current Fund		-	1,044.51
Serial Bonds Payable		14,455,000.00	16,225,000.00
USRDA Loans Payable		1,314,009.00	1,335,580.73
NJEIT Loan Payable		12,838,702.53	13,534,431.70
Bond Anticipation Notes Payable		3,780,000.00	947,000.00
Improvement Authorizations:			
Funded		2,349,479.73	4,004,863.12
Unfunded		3,436,960.05	3,377,123.56
Reserve for Encumbrances		384,305.67	125,135.46
Down Payment on Improvements		8,000.00	-
Capital Improvement Fund		1,014,028.09	502,028.09
Fund Balance		72,189.97	72,189.97
	\$	<u>39,652,675.04</u>	<u>40,124,397.14</u>
 There were bonds and notes authorized but not issued at December 31			
	2015	3,053,088.00	
	2016	482,088.00	

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

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

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$	72,189.97	690,450.41
Increased by:			
Funded Improvement Authorizations Canceled		<u>-</u>	<u>126,602.46</u>
		72,189.97	817,052.87
Decreased by:			
Surplus budgeted in Current Fund Appropriation to Finance Improvement Authorizations		<u>-</u>	<u>444,862.90</u>
		<u>-</u>	<u>300,000.00</u>
Ending Balance December 31	\$	<u><u>72,189.97</u></u>	<u><u>72,189.97</u></u>

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

EXHIBIT D - GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31,
REGULATORY BASIS

	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 25,369,474.00	25,173,932.00
Buildings	11,377,153.00	11,291,791.00
Machinery, Equipment and Vehicles	8,345,510.00	7,693,080.00
Construction in Progress	<u>204,145.00</u>	<u>142,919.00</u>
	<u>45,296,282.00</u>	<u>44,301,722.00</u>
 Investment in General Fixed Assets	 \$ <u>45,296,282.00</u>	 <u>44,301,722.00</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Wildwood Crest include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Wildwood Crest, 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 Borough of Wildwood Crest 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 Borough of Wildwood Crest 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 -- 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. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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 \$2,000 are capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time 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 and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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 Borough of Wildwood Crest 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 Utility Charges – The entity does not operate a sewer utility fund. However, sewer rents are levied and collected in the Current Fund. 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, March 1, June 1 and September 1.

Interest on Delinquent Utility 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 Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Borough of Wildwood Crest to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Trust.

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.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the Borough's financial reporting.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. The impact of this statement will be additional disclosures.

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 is effective for fiscal periods beginning after June 30, 2017. It is anticipated that this statement will not have any effect on the Borough'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 is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

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

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement will be additional disclosures.

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

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$849,066 and \$809,050. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$3,000,000 and \$1,600,000.

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 Borough Council.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

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

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
<u>Current Fund:</u>		
Public Affairs & Public Safety		
Director's Office		
Salaries & Wages	(20,000)	
Fire		
Other Expenses		25,000
Police		
Salaries and Wages	(100,000)	(100,000)
Other Expenses	100,000	
Services of Ambulance		
Salaries and Wages	(25,000)	(25,000)
Land Use Administration		
Other Expenses		25,000
Borough Administration		
Salaries and Wages		(45,000)
Other Expenses		45,000
Financial Administration		
Salaries and Wages	(25,000)	(26,000)
Collection of Taxes		
Salaries and Wages		(20,000)
Employee Group Health	(95,000)	
Public Works		
Salaries and Wages		(75,000)
Other Expenses	28,100	
Engineer		
Other Expenses		69,500
Parks & Buildings		
Salaries and Wages	(35,000)	
Beach Cleaning		
Salaries and Wages		(8,000)
Other Expenses		(19,000)
Capital Improvement Fund	210,000	260,000
Emergency Sewer Repairs		71,000
Traffic Maintenance		
Salaries and Wages		(15,000)
Sanitation		
Salaries and Wages	(25,800)	(45,000)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016 and 2015, significant budget insertions were approved as listed on the following page:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Summer Events Grant - GWTIDA		\$ 25,750
NJ DOT	180,501	175,000
Small Cities CDBG ADA Intersections		200,000
Generator Project		75,000
Bulletproof Vest Partnership Grant		6,777
Total	<u>180,501</u>	<u>482,527</u>

The Borough may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$800,000. The emergency was for Hurricane Damage from Hurricane Sandy. The unfunded balance as of December 31, 2016 was \$160,000.

NOTE 3: INVESTMENTS

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. In order to maximize liquidity, while complying with statutory requirements, the Borough utilizes the New Jersey Cash Management Fund ("NJCMF") and MBIA's Cooperative Liquid Assets Securities System ("CLASS") for investing purposes.

The NJCMF is administered by New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term commercial paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. At December 31, 2016 and 2015, the Borough's balance was \$7,134 and \$7,105.

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.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land	\$ 25,214,620	19,696	(60,384)	25,173,932
Building and Improvements	9,183,640	2,073,373	34,778	11,291,791
Equipment and Machinery	7,511,195	268,685	(86,800)	7,693,080
Construction in Progress	-	142,919	-	142,919
	<u>\$ 41,909,455</u>	<u>2,504,673</u>	<u>(112,406)</u>	<u>44,301,722</u>

	Balance 12/31/2015	Additions	Retirements/ Adjustments	Balance 12/31/2016
Land	\$ 25,173,932	195,542		25,369,474
Building and Improvements	11,291,791	85,362		11,377,153
Equipment and Machinery	7,693,080	1,327,219	(674,789)	8,345,510
Construction in Progress	142,919	204,145	(142,919)	204,145
	<u>\$ 44,301,722</u>	<u>1,812,268</u>	<u>(817,708)</u>	<u>45,296,282</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General	\$ 947,000	-	-	947,000
	<u>\$ 947,000</u>	<u>-</u>	<u>-</u>	<u>947,000</u>

	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Bond Anticipation Notes payable:				
General	\$ 947,000	3,780,000	947,000	3,780,000
	<u>\$ 947,000</u>	<u>3,780,000</u>	<u>947,000</u>	<u>3,780,000</u>

The note was reissued on November 30, 2016 and is due and payable on November 30, 2017 with interest at 1.09%. As of December 31, 2016, the entity has authorized but not issued bonds in the amount of \$482,088 in the General Capital Fund.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 7: LONG TERM DEBT

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

	Balance 12/31/14	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:				
General	\$ 17,865,000	1,640,000	16,225,000	1,770,000
Total	<u>\$ 17,865,000</u>	<u>1,640,000</u>	<u>16,225,000</u>	<u>1,770,000</u>
Other liabilities:				
Loans Payable				
General	\$ 17,490,854	2,620,841	14,870,013	717,301
Total long-term liabilities	<u>\$ 35,355,854</u>	<u>4,260,841</u>	<u>31,095,013</u>	<u>2,487,301</u>

	Balance 12/31/15	Retired	Balance 12/31/16	Amounts Due Within One Year
Bonds payable:				
General	\$ 16,225,000	1,770,000	14,455,000	1,800,000
Total	<u>\$ 16,225,000</u>	<u>1,770,000</u>	<u>14,455,000</u>	<u>1,800,000</u>
Other liabilities:				
Loans Payable:				
General	14,870,013	717,301	14,152,712	723,255
Total long-term liabilities	<u>\$ 31,095,013</u>	<u>2,487,301</u>	<u>28,607,712</u>	<u>2,523,255</u>

Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:

\$13,135,000 General Improvement Bonds dated November 5, 2009, due in annual installments through November 1, 2023, bearing interest at 4.0%. The balance remaining as of December 31, 2016 is \$7,435,000.

\$8,530,000 General Improvement Bonds dated August 27, 2014, due in semi-annual installments through September 1, 2024, bearing interest at a varying rate ranging from 2.0% to 2.25%. The balance remaining as of December 31, 2016 is \$7,020,000.

\$1,500,000 United States Rural Development Administration Loan dated June 23, 2006, due in semi-annual installments beginning December 23, 2006 through June 23, 2046, bearing interest at 4.375%. The balance remaining as of December 31, 2016 is \$1,314,009.

\$3,476,677 N.J. Environmental Fund Loan Bond Series A dated March 10, 2010, due in semi-annual installments through August 1, 2029, bearing no interest. The balance remaining at December 31, 2016 is \$2,298,143.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

\$1,135,000 N.J. Environmental Trust Loan Bond Series A dated March 10, 2010, due in annual installments beginning August 1, 2011 through August 1, 2029, bearing interest at varying rates. The balance remaining as of December 31, 2016 is \$870,000.

\$2,930,000 N.J. Environmental Trust Loan Bond Series A dated 2015, due in annual installments beginning August 1, 2016 through August 1, 2034, bearing interest at varying rates. The balance remaining as of December 31, 2016 is \$2,830,000.

\$7,010,03 N.J. Environmental Fund Loan Bond Series A dated 2015, due in semi-annual installments through August 1, 2034, bearing no interest. The balance remaining at December 31, 2016 is \$6,840,560.

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

<u>Year</u>	<u>General Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,523,255	660,169
2018	2,549,251	595,423
2019	2,780,292	529,983
2020	2,821,378	456,246
2021	2,847,512	380,612
2022-2026	8,581,414	972,432
2027-2031	3,714,761	465,875
2032-2036	2,176,824	214,751
2037-2041	292,392	106,458
2042-2046	320,633	35,873
	28,607,712	4,417,822

As of December 31, 2016 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. The total interest charged to the current budget was \$628,012.

<u>Summary of Municipal Debt</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General - Bonds, Loans and Notes	\$ 32,387,712	\$ 32,042,012	36,302,854
Total Issued	32,387,712	32,042,012	36,302,854
<u>Authorized but not issued:</u>			
General - Bonds, Loans and Notes	482,088	3,053,088	482,088
Total Authorized But Not Issued	482,088	3,053,088	482,088
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 32,869,800	\$ 35,095,100	36,784,942

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.525%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 32,869,800		32,869,800
	\$ 32,869,800	-	32,869,800

Net Debt \$32,869,800 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,154,999,705= 1.525%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	75,424,990
Net Debt		32,869,800
Remaining Borrowing Power	\$	42,555,190

The Borough of Wildwood Crest School District, as a K-8 school district, is permitted to borrow up to 3.0% 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 balances at December 31, 2016 and 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 and 2016 were as follows:

		2017	2016
Current Fund	\$	3,500,000	3,000,000

NOTE 9: 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:

		12/31/2016	12/31/2015
Balance of Tax	\$	2,844,733	3,351,096
Deferred		1,150,000	1,150,000
Tax Payable	\$	1,694,733	2,201,096

NOTE 10: TAXES COLLECTED IN ADVANCE

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

		Balance 12/31/16		Balance 12/31/15
Prepaid Taxes	\$	756,105	\$	767,518
Cash Liability for Taxes Collected in Advance	\$	756,105	\$	767,518

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 11: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

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 12.91% of base salary. The entity's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$283,969, \$287,168, and \$271,079.

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 entity's contributions to PFRS for the years ended December 31, 2016, 2015, and 2014 were \$354,782, \$400,472, and \$380,705.

The total payroll for the year ended December 31, 2016, 2015, and 2014 was \$5,844,754.10, \$5,524,971, and \$5,627,025. Payroll covered by PFRS was \$1,350,221, \$1,367,388, and \$1,418,300. Payroll covered by PERS was \$2,396,444, \$2,238,027, and \$2,268,982.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%.
- For fiscal year 2014, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

Note 12: PENSION 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.

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

Public Employees' Retirement System

The Municipality has a liability of \$9,493,737 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 0.03205488280%, which would be a decrease of 2.4% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$777,356.

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	\$ 176,555	
Changes of assumptions	1,966,595	
Changes in proportion		494,415
Net difference between projected and actual earnings on pension plan investments	362,005	
Total	\$ 2,505,155	494,415

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	\$	455,043
2018		455,043
2019		520,208
2020		435,327
2021		145,119
Total	\$	2,010,740

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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.

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 table on the following page:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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	\$ 11,377,330	9,493,737	\$ 7,940,337

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Police and Firemen's Retirement System

The Municipality has a liability of \$8,211,606 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 0.04298694350%, which would be a decrease of 1.51% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$655,490. 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		53,828
Changes of assumptions	1,137,375	
Changes in proportion		804,707
Net difference between projected and actual earnings on pension plan investments	575,371	
Total	\$ 1,712,746	858,535

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	\$	206,559	
2017		206,559	
2018		274,165	
2019		160,612	
2020		6,316	
Total	\$	854,211	

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the 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 table on the following page:

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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	\$ 10,439,059	8,211,606	6,395,981

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 0.04298694350% for 2016. The net pension liability amount allocated to the Municipality was \$689,571. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$88,075 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 13: POST-RETIREMENT BENEFITS

Plan Description The Borough of Wildwood Crest 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. The Borough has also opted to implement the provisions of N.J.S.A. 52:14-17.38 regarding employer's payments for health benefits of certain retirees. 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 5 collective bargaining units as well as unaffiliated 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.

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 Borough of Wildwood Crest on a monthly basis. The rates charged by the system for the year ended December 31, 2016 vary according to the type of coverage selected by the retiree.

The Borough of Wildwood Crest contributions to SHBP for post-retirement benefits for the year ended December 31, 2016 and 2015 were \$968,831 and \$886,153 respectively, which equaled the required contribution for the year.

The Borough utilizes the New Jersey State Health Benefits Plan for Health Insurance, however, they also provide post-retirement benefits for vision, dental, and life insurance that are not included as a part of the State Health Benefits Plan. These benefits are budgeted by the Borough annually on a "pay as you go basis" and included in group insurance.

In accordance with GASB 45 and the State of New Jersey, the Borough is required to obtain an actuarial valuation of the liability for providing these benefits. This is the second valuation and the actuary is using the entry age normal funding method. The actuarial valuation report was based on 124 total participants including 46 retirees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

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

In the April 10, 2017 Actuarial Valuation Report, the projected unit credit method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.0%, annual vision care costs to increase 5% per year, Medicare Part B premiums are assumed to increase at 6.5% per year and no increases in dental claim costs or life insurance premiums. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level dollar amount.

Other Post-employment Benefit Costs and Obligations

The following reflects the components of the 2016 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the April 10, 2017 actuarial valuation and actual OPEB payments made or accrued during 2016:

		December 31, 2015
		<u> </u>
Net OPEB Obligation - Beginning of Year	\$	3,010,000
Annual OPEB Cost		620,000
OPEB Payments		(80,000)
Increase in Net OPEB Obligation		<u>540,000</u>
Net OPEB Obligation - End of Year	\$	<u><u>3,550,000</u></u>
Percentage of OPEB Cost Contributed		<u><u>12.9%</u></u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	530,000	18.9%	2,510,000
12/31/2015	580,000	13.8%	3,010,000
12/31/2016	620,000	12.9%	3,550,000

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The Borough permits eligible employees to accrue unused vacation and personal time for up to one year after the time has been earned. Unused accrued vacation and personal time expires at the end of the two-year period for employees hired prior to 12/31/14. For employees hired after 1/1/15, personal time expires if it is not used at the end of one year.

The Borough also permits employees to accrue earned and unused sick time, which may be taken as time off or paid at the rate of pay applicable at time of termination. A portion of the monetary value of unused sick leave and vacation has been reserved on the balance sheet by charges to operations. This liability may be affected by conditions, which could preclude an employee from receiving full payment of the accrual. The reserve for accumulated absences in the Trust Fund at December 31, 2016 is \$191,967.34. The total liability of accrued sick leave and vacation for all eligible employees at December 31, 2016 is estimated to be \$412,908.14.

NOTE 15: ECONOMIC DEPENDENCY

The Borough of Wildwood Crest is not economically dependent on any one business. The tourism industry is a major source of tax revenue for the entity.

NOTE 16: 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, 2016 and 2015 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 \$100,000 under JIF, which increases to \$5,000,000 under MEL.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Borough is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. Previously, the Borough funded the plan under the “Benefit Reimbursement Method” and has the following remaining in the Trust Fund:

Calendar Year	Borough Contributions	Employee Contributions	Interest Earned	Amount Contributed	Ending Balance
2016	\$ 34,000	-	-	29,132	29,118
2015	32,000	-	-	27,821	24,250
2014	32,000	-	-	27,562	20,071

NOTE 17: DEFERRED COMPENSATION

Employees of the Borough of Wildwood Crest 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.

NOTE 18: 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 19: INTERFUND BALANCES

As of December 31, 2016, the following interfunds were included on the balance sheets of the various funds of the Borough of Wildwood Crest:

	Due From	Due To
Current Fund:		
Grant Fund	\$ 93,293.82	
Other Trust Fund	15,022.23	
Trust Fund:		
Current - Other Trust Fund		15,022.23
Grant Fund:		
Current Fund		93,293.82
General Capital		15,200.00
General Capital Fund:		
Grant Fund	15,200.00	
	<u>\$ 123,516.05</u>	<u>123,516.05</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 20: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through May 26, 2017, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY DATA



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Board of Commissioners
Borough of Wildwood Crest, 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, 2016, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated May 26, 2017, 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 Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough'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

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

May 26, 2017

BOROUGH OF WILDWOOD CREST
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- | | |
|---------------------------------------|-----------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiency identified? | NO |

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

None

MANAGEMENT RESPONSES

Not Applicable

STATUS OF PRIOR YEAR FINDINGS

Not Applicable – There were no Findings in the Prior Year

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2015	\$	13,652,138.06
Increased by Receipts:		
Prepaid Taxes		756,105.00
Sewer Overpayments		26,840.27
Tax Overpayments		13,142.10
Taxes Receivable		26,501,384.35
Revenue Accounts Receivable - Collector		3,979,042.25
Prepaid Sewer Rents		24,797.21
Revenue Accounts Receivable - Treasurer		2,100,227.20
Miscellaneous Revenue		167,813.03
State of New Jersey:		
Senior Citizen and Veterans Deductions		65,610.91
Prepaid TDC Fees		350.00
Prepaid Licenses		1,000.00
Reserve - Beach Operations Off-Set		273,816.02
Due from General Capital Fund		1,044.51
Due from Animal Control Fund		0.93
Due from Trusts - Other		3,467.63
Due to GWTIDA		291,161.20
Payroll Deductions Payable		1,885.62
Federal and State Unappropriated Reserves		34,750.64
Federal and State Receivables		224,092.23
Due to Current Fund - From Grant Fund		125,032.54
Insurance Proceeds		7,633.37
		34,599,197.01
		48,251,335.07
Decreased by Disbursements:		
Current Year Appropriation		20,044,809.09
Prior Year Appropriations		688,283.86
Accounts Payable		53,279.36
County Taxes		5,514,152.82
Local District School Taxes		7,392,892.50
Due to GWTIDA		591,269.90
Prior Year Refund		376.44
Petty Cash Fund		450.00
Due to Current Fund - From Grant Fund		125,032.54
Federal and State Disbursements		133,810.33
		34,544,356.84
Balance December 31, 2016	\$	13,706,978.23

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash		Adjusted	Transferred To Tax Title Lien	Cancelled	Balance Dec. 31, 2016
				2015	2016				
Arrears \$									
2015	430,338.68	-	-	420,183.99	420,183.99	-	-	4,390.60	5,764.09
	430,338.68	-	-	-	420,183.99	-	-	4,390.60	5,764.09
2016	-	27,370,034.66	35,039.64	767,517.61	26,146,561.27	-	-	102,134.96	388,860.46
	430,338.68	27,370,034.66	35,039.64	767,517.61	26,566,745.26	-	-	106,525.56	394,624.55

Cash Receipts
Senior Citizens and Veterans
65,360.91
26,566,745.26

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 27,370,034.66
Added Taxes (54:4-63.1 et. Seq.) 35,039.64
27,405,074.30

Tax Levy:
General County Taxes 4,664,975.03
County Library Taxes 622,540.11
County Open Space Taxes 214,380.81
County Added and Omitted Taxes 7,105.21
Total County Taxes 5,509,001.16

Local School District Tax 6,886,530.00

Local Tax for Municipal Purposes 14,921,817.42
Add: Additional Tax Levied 87,725.72
15,009,543.14
27,405,074.30

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2016	Collected by		Balance Dec. 31, 2016
			Collector	Treasurer	
Borough Clerk:					
Licenses - Other	-	172,478.00		172,478.00	
Fees and Permits	-	180,582.00		180,582.00	
Recreation Income - Pool	-	86,121.00		86,121.00	
TV Cable Franchise Fee	-	46,812.21		46,812.21	
Municipal Court:					
Fines and Costs	3,884.90	80,534.36		81,852.00	2,567.26
Parking Meters	-	279,808.72		279,808.72	
Interest and Costs on Taxes	-	91,784.55	91,784.55	-	
Interest Earned on Investments and Deposits	-	79,005.81		79,005.81	
Municipal Pier and Concession Income	-	377,300.00		377,300.00	
Interest and Costs on Delinquent Sewer Rents	-	20,385.47	20,385.47		
Sewer Rents	204,834.01	3,662,038.22	3,866,872.23		216,274.94
Ambulance Fees	-	170,896.22		170,896.22	
Fees and Permits - Craft Show	-	6,875.00		6,875.00	
Uniform Fire Safety Act	-	162,418.71		162,418.71	
Energy Receipts Tax	-	381,045.00		381,045.00	
Anticipated General Capital Fund Balance	-	-			
GWTD Municipal Event Support	-	35,442.73		35,442.73	
Interlocal - Court Administrator	-	67,530.60		67,530.60	
Beach Operation Offset - Reserved	-	268,247.00		268,247.00	
	<u>208,718.91</u>	<u>6,169,305.60</u>	<u>3,979,042.25</u>	<u>2,396,415.00</u>	<u>218,842.20</u>
	A	Res.			A
Prepayments Applied			A	1,250.00	
Reserve for Beach Operations Off-Set				268,247.41	
Sewer Prepayments Applied				13,592.81	
Sewer Overpayments Applied			A-4	13,097.58	
Collected				<u>2,100,227.20</u>	
				<u>2,396,415.00</u>	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
SALARIES & WAGES:				
Department of Public Affairs and Public Safety:				
Directors Office	\$ 0.85	0.85		0.85
Fire	0.10	0.10		0.10
Police	98,036.85	98,036.85		98,036.85
Local Code Enforcement	7,623.69	7,623.69		7,623.69
Services of Ambulance	21,927.58	21,927.58		21,927.58
Environmental Commission (N.J.S. 40:56A-1)	1,500.00	1,500.00		1,500.00
Lifeguards	2,451.06	2,451.06		2,451.06
Land Use Administration	815.46	815.46		815.46
Traffic Maintenance	5,015.73	5,015.73		5,015.73
Fire Official	3,943.11	3,943.11		3,943.11
Municipal Court	1,593.00	1,593.00		1,593.00
Department of Revenue and Finance:				
Director's Office	1,649.93	1,649.93		1,649.93
Borough Administration	9,398.65	9,398.65		9,398.65
Financial Administration	28,066.32	28,066.32		28,066.32
Assessment of Taxes	5,235.51	5,235.51		5,235.51
Collection of Taxes	3,808.35	3,808.35		3,808.35
Health Benefit Waiver	2,700.18	2,700.18		2,700.18
Department of Public Works, Parks and Public Property:				
Public Works	448.44	448.44		448.44
Beach Cleaning	941.00	941.00		941.00
Sanitation	4,157.94	4,157.94		4,157.94
Parks and Buildings	10,791.12	10,791.12		10,791.12
Sewage	6,185.88	6,185.88		6,185.88
Fleet Maintenance	3,730.33	3,730.33		3,730.33
Tourism	6,086.75	6,086.75		6,086.75
Recreation Commission (N.J.S. 40:61-17)	8,733.32	8,733.32		8,733.32

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Uniform Construction Code - Appropriation				
Offset by Dedicated Revenue				
State Uniform Construction Code	384.64	384.64		384.64
OTHER EXPENSES:				
Department of Public Affairs and Public Safety:				
Director's Office	3,106.44	3,106.44	285.10	2,821.34
Fire	1,354.61	1,354.61	68.00	1,286.61
Police	115,180.58	115,180.58	91,529.16	23,651.42
Municipal Prosecutor	1,500.00	1,500.00	1,500.00	-
Legal	21,370.98	21,370.98	7,100.00	14,270.98
Local Code Enforcement	4,252.96	4,252.96	-	4,252.96
Emergency Management Services	4,500.00	4,500.00	-	4,500.00
Services of Ambulance	22,288.53	22,288.53	10,207.12	12,081.41
Environmental Commission (N.J.S. 40:56A-1)	500.00	500.00	-	500.00
Lifeguards	28,363.39	28,363.39	27,944.17	419.22
Land Use Administration	50,125.04	50,125.04	49,604.99	520.05
Traffic Maintenance	14,064.93	14,064.93	4,152.00	9,912.93
Fire Official	5,711.63	5,711.63	1,062.99	4,648.64
Animal Control	2,444.96	2,444.96	-	2,444.96
Municipal Court	6,021.78	6,021.78	37.99	5,983.79
Public Defender (P.L. 1997, C.256)	1,541.74	1,541.74	1,041.66	500.08
New Jersey Public Employees	2,500.00	2,500.00	-	2,500.00
Department of Revenue and Finance:				
Director's Office	207.82	207.82	-	207.82
Borough Administration	33,348.15	33,348.15	21,473.59	11,874.56
Financial Administration	51,514.55	51,514.55	8,856.48	42,658.07
Assessment of Taxes	7,441.44	7,441.44	5,037.25	2,404.19
Collection of Taxes	9,552.25	9,552.25	191.72	9,360.53
Utility Billing Expenses	6,481.57	6,481.57	-	6,481.57
Group Insurance	406,034.33	406,034.33	71,056.77	334,977.56

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Public Works, Parks and Public Property:				
Director's Office	563.54	563.54	-	563.54
Engineer	30,854.27	30,854.27	25,284.86	5,569.41
Landfill	26,940.11	26,940.11	13,481.68	13,458.43
Public Works	18,670.87	18,670.87	9,088.14	9,582.73
Recreation Buildings	23,499.71	23,499.71	13,983.43	9,516.28
Beach Cleaning	3,484.46	3,484.46	2,491.46	993.00
Sanitation	7,503.27	7,503.27	781.65	6,721.62
Parks and Buildings	15,014.70	15,014.70	1,105.25	13,909.45
Sewage	1,115.55	1,115.55	57.05	1,058.50
Fleet Maintenance	11,885.26	11,885.26	6,640.37	5,244.89
Tourism	22,013.22	22,013.22	301.32	21,711.90
Recreation Commission (N.J.S. 40:61-17)	14,562.36	14,562.36	6,726.44	7,835.92
Uniform Construction Code - Appropriation Offset by Dedicated Revenue				
State Uniform Construction Code	7,455.08	7,455.08	7,418.85	36.23
UTILITY EXPENSES & BULK PURCHASES				
Water	25,945.86	25,945.86	14,458.09	11,487.77
Street Lighting	668.84	668.84	668.84	-
Telephone	35,925.04	35,925.04	4,060.62	31,864.42
Fire Hydrants	14,792.00	14,792.00	-	14,792.00
Natural Gas	15,904.98	15,904.98	-	15,904.98
Electric	33,840.57	33,840.57	-	33,840.57
Gasoline	53,045.14	53,045.14	3,636.55	49,408.59

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
STATUTORY EXPENDITURES				
Contributions to:				
Police and Fire Retirement System of N.J.	2,000.00	2,000.00	-	2,000.00
Public Employees Retirement System	2,000.00	2,000.00	-	2,000.00
Social Security System (O.A.S.I.)	69,006.79	69,006.79		69,006.79
Defined Contribution Retirement Plan	4,005.61	4,005.61	-	4,005.61
OPERATIONS - EXCLUDED FROM "CAPS"				
Cape May County MUA - Charges	298,156.00	298,156.00	-	298,156.00
PUBLIC & PRIVATE PROGRAMS OFF-SET BY REVENUES				
Matching Funds for Grants	12,000.00	12,000.00	-	12,000.00
Municipal Alliance Consortium - Local share	538.00	538.00	-	538.00
CAPITAL IMPROVEMENTS				
Emergency Sewer Repairs	145,951.25	145,951.25	138,093.14	7,858.11
FEMA Refund - Due to Overpayment	275,000.00	275,000.00	168,013.07	106,986.93
	\$ 2,206,975.95	2,206,975.95	717,439.80	1,489,536.15
		Cash Disbursed	688,283.86	
		Accounts Payable	29,155.94	
			717,439.80	

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2015			
School Tax Payable	\$	2,201,095.92	
School Tax Deferred		<u>1,150,000.00</u>	
			3,351,095.92
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017			<u>6,886,530.00</u>
			10,237,625.92
Decreased by:			
Payments			<u>7,392,892.50</u>
Balance December 31, 2016			
School Tax Payable		1,694,733.42	
School Tax Deferred		<u>1,150,000.00</u>	
			<u>2,844,733.42</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			7,392,892.50
Tax Payable Ending			<u>1,694,733.42</u>
			9,087,625.92
Less: Tax Payable Beginning			<u>2,201,095.92</u>
Amount Charged to Current Year Operations	\$		<u>6,886,530.00</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Cancelled	Balance Dec. 31, 2016
FEDERAL GRANTS:					
Federal Domestic Violence Grant					
2011 Grant (ARRA)	\$ 29,708.74				29,708.74
Bulletproof Vest Partnership					
2004 Grant	1,262.69		795.39		467.30
2012 Grant	2,456.50		2,456.50		-
2013 Grant	3,426.54		3,426.54		-
2014 Grant	3,350.70		2,011.70		1,339.00
Small Cities - Rambler Road Bikeway	62,500.00		62,500.00		-
Small Cities - Heather, Lavender, Lake	377.00				377.00
Total Federal	103,082.17	-	71,190.13	-	31,892.04

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred From 2016 Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2016</u>
STATE GRANTS:					
Cooperative Housing Inspections					
2014 Grant	131.14			131.14	-
2015 Grant	14,602.00	42,000.00	34,299.00	14,602.00	7,701.00
New Jersey Transportation Trust Fund:					
2008 - Seaview Avenue	35,000.00				35,000.00
2009 - Seaview Avenue	40,000.00		40,000.00		-
2010 - Heather Road	46,500.00		46,500.00		-
2012 - New Jersey Ave. - Phase I	45,844.25				45,844.25
2015- Buttercup Road	43,000.00				43,000.00
2015 - Pacific Ave	175,000.00				175,000.00
2016 - Pacific Ave		180,501.00			180,501.00
CDBG Street Intersections ADA	200,000.00				200,000.00
Generator Grant	75,000.00				75,000.00
Recycling Tonnage		13,103.10	13,103.10		-
Total State	<u>675,077.39</u>	<u>235,604.10</u>	<u>133,902.10</u>	<u>14,733.14</u>	<u>762,046.25</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Cancelled	Balance Dec. 31, 2016
GWTIDA Summer Events	-	26,500.00	19,000.00	-	7,500.00
Total Local	<u>778,159.56</u>	<u>262,104.10</u>	<u>224,092.23</u>	<u>14,733.14</u>	<u>801,438.29</u>
	\$				

LOCAL GRANTS:

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2015		2016		Encumbrances	Cancelled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
FEDERAL GRANTS:							
Federal Domestic Violence Grant 2011 (ARRA)	\$ 30,777.80						30,777.80
Emergency Management 2007	5,000.00				(5,000.00)		-
Bulletproof Vest Partnership							
2010	352.28		352.28				-
2012	2,055.12		2,055.12				-
2013	1,648.54		1,648.54				-
2014	3,350.70		1,254.06				2,096.64
Small Cities Grant							
Atlantic Avenue	1,069.78						1,069.78
Cresse Avenue/Lake Road	7,995.16						7,995.16
Heather, Lavender, Lake Ave.	375.76						375.76
Crocus, Aster	9,168.89						9,168.89
Total Federal	61,794.03	-	5,310.00		(5,000.00)		51,484.03
STATE GRANTS:							
Clean Communities Grant:							
2012	3,968.00		3,968.00				(0.00)
2014	5,675.51	4,054.00	9,729.51				0.00
2015	20,779.05		20,779.05				(0.00)
2016	-		17,517.33	2,064.00			5,678.39
Municipal Court Alcohol Education Program:							
2004	1,269.29				(1,269.29)		-
2005	2,271.33				(2,271.33)		-
2006	171.62				(171.62)		-
Drunk Driving Enforcement Fund:							
2006	566.82		566.82				-
2007	6,011.54		4,808.01				1,203.53
2008	4,806.10						4,806.10
2009	5,128.67						5,128.67
2012	860.02						860.02
2014	4,548.02		302				4,246.34
2015	3,933.30						3,933.30
2016				3,684.78			3,684.78

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2015		2016		Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2016
	Appropriated	Encumbrances	Appropriations	Reserve for				
Cooperative Housing Inspections:								
2014	3,191.32						(3,191.32)	-
2015	24,797.00			10,063.86			(14,733.14)	-
2016			42,000.00	6,962.98				35,037.02
Recycling Tonnage Grant								
2010	2,309.00			2,309.00				-
2011	300.00			300.00				-
2012	6,210.99	1,200.00		7,407.99				3.00
2013	504.50			504.50				-
2015	13,114.20			13,002.68				111.52
2016	-		13,103.10	5,058.00		1,000.00		7,045.10
Police Body Armor Grant								
2010	1,811.80			1,811.80				-
2012	4,532.38			3,169.56				1,362.82
2014				(3,168.86)				3,168.86
2015	205.82			(1,812.50)				2,018.32
2016			2,015.49					2,015.49
N.J. Transportation Trust Fund								
Heather Road	116.84							116.84
Pacific Ave	175,000.00							175,000.00
2016 - Pacific Ave			180,501.00					180,501.00
UEZ Administrative Funding - 2011	7,262.29							7,262.29
UEZ assistance Fund - 2011	50,256.95							50,256.95
CDBG Street ADA	200,000.00							200,000.00
Generator Grant	75,000.00							75,000.00
Total State	624,602.36	5,254.00	266,564.09	103,279.41	3,064.00	(21,636.70)	768,440.34	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2015	Reserve for		2016				Balance
	Appropriated	Encumbrances	Appropriations	Disbursed	Encumbrances	Cancelled		Dec. 31, 2016
LOCAL GRANTS:								
Scoop Taylor Park	5,615.44					(5,615.44)		-
Rambler Road Gazebo Landscaping	2,500.00					(2,500.00)		-
GWTIDA - Summer Events								
2012	290.91					(290.91)		-
2013	194.99					(194.99)		-
2014		100.00				(100.00)		-
2015	813.65				100.00	(713.65)		-
2016			26,500.00	25,220.92				1,279.08
Comcast Technology Grant - 2011	108.55							108.55
Municipal Joint Venture Program								
2007	976.00					(976.00)		-
2008	3,662.90							3,662.90
Total Local	14,162.44	100.00	26,500.00	25,220.92	100.00	(10,390.99)		5,050.53
	\$ 700,558.83	5,354.00	293,064.09	133,810.33	3,164.00	(37,027.69)		824,974.90

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2016</u>
STATE GRANTS:				
Police Body Armor Grant - 2015	3,354.49	2,015.49		1,339.00
Police Body Armor Grant - 2016			764.97	764.97
Drunk Driving Enforcement Fund - 2015	3,684.78	3,684.78	5,109.51	5,109.51
Clean Communities Grant - 2015	25,259.72	25,259.72		-
Clean Communities Grant - 2016			28,876.16	28,876.16
Total State	<u>32,298.99</u>	<u>30,959.99</u>	<u>34,750.64</u>	<u>36,089.64</u>
Grand Total	<u>\$ 32,298.99</u>	<u>30,959.99</u>	<u>34,750.64</u>	<u>36,089.64</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2015	\$ 2,550.93	996,147.06
Increased By:		
State Dog License Fees	148.80	
Municipal Dog License Fees	1,260.00	
Due to Current Fund	5.73	2,354.96
Marriage License Fees		850.00
DCA State Training Fees		13,711.00
UCC Admin		113,445.00
Other Reserves		<u>1,217,754.99</u>
	<u>1,414.53</u>	<u>1,348,115.95</u>
	3,965.46	2,344,263.01

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**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Decreased By:		
Paid to State of NJ	148.80	
Dog Fund Expenditures	689.00	
Marriage License Fees		850.00
UCC Admin		113,445.00
DCA State Training Fees		12,576.00
Current Fund	1,045.66	5,822.59
Other Reserves		<u>1,048,285.99</u>
	<u>1,883.46</u>	<u>1,180,979.58</u>
Balance December 31, 2016	\$ <u><u>2,082.00</u></u>	<u><u>1,163,283.43</u></u>

Analysis of December 31, 2016 Balance

Trust - Escrow	771,399.17
Unemployment Trust	28,499.82
Recreation Commission	127,515.85
Police Forfeiture	11,653.64
Uniform Construction Code	151,601.15
TTL Redemption/Premium Account	<u>72,613.80</u>
	<u><u>1,163,283.43</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL
FUND EXPENDITURES**

Balance December 31, 2015	\$		2,550.00
Increased by:			
Dog License Fees Collected		1,260.00	1,260.00
			3,810.00
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		689.00	
Statutory Excess		1,039.00	
			1,728.00
Balance December 31, 2016	\$		2,082.00

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	927.00
2014	1,155.00
	2,082.00

**TRUST FUND
SCHEDULE OF AMOUNT DUE TO/(FROM) STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance December 31, 2015	\$		-
Increased By:			
Collected in 2016			
State License Fees		148.80	
		148.80	148.80
Decreased By:			
Payments		148.80	
		148.80	148.80
Balance December 31, 2016	\$		-

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Reserve	Increased by		Decreased by		Balance Dec. 31, 2016
	Balance Dec. 31, 2015	Receipts	Budget Appropriation	Disbursements	
Accumulated Absences	\$ 191,370.70		45,000.00	38,403.36	197,967.34
Borough Beautification	12,045.06	14,750.00		16,482.04	10,313.02
Fire Penalties - Non-Dedicated	63,178.92	4,330.93		6,072.66	61,437.19
Fire Prevention	37,730.74	1,728.07			39,458.81
Police Forfeited Funds	9,242.93	7,614.35		5,203.64	11,653.64
Third Party Construction Inspections	102,814.80	186,702.20		154,504.80	135,012.20
Parking Offense Adjudication Act	5,379.76	606.00		119.99	5,865.77
Planning and Zoning Escrow	112,108.97	102,088.05		94,745.65	119,451.37
Recreation Commission	124,510.02	206,162.00		212,927.91	117,744.11
Snow Removal Trust	8,666.88				8,666.88
Streets Openings - Performance Surety	20,650.00				20,650.00
Streets Openings - Maintenance Surety	13,470.00				13,470.00
Street Paving	39,935.38	262,117.27		201,076.41	100,976.24
Premiums Received at Tax Sale	106,200.00	33,700.00		67,600.00	72,300.00
Third Party Lien Redemptions	3,883.22	165,329.62		169,212.84	-
Tourism Development Commission	54,120.26	52,861.50		52,410.42	54,571.34
Unemployment Compensation Insurance	24,249.84		34,000.00	29,131.62	29,118.22
Employment of Borough Employee	11,100.54	765.00		394.65	11,470.89
Retiree Life Insurance			100,000.00	-	100,000.00
	<u>\$ 940,658.02</u>	<u>1,038,754.99</u>	<u>179,000.00</u>	<u>1,048,285.99</u>	<u>1,110,127.02</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	
Balance December 31, 2015		\$ 2,935,019.71
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	810,000.00	
Bond Anticipation Notes	3,780,000.00	
Due from Current Fund	6,422.33	
Temporary Loan Receipts	1,328,376.00	
	810,000.00	5,924,798.33
		8,859,818.04
Decreased by:		
Improvement Authorizations	1,888,376.69	
Due to Current Fund	7,466.84	
Bond Issuance	947,000.00	
	2,842,843.53	2,842,843.53
Balance December 31, 2016		\$ <u><u>6,016,974.51</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 72,189.97							72,189.97
Capital Improvement Fund	502,028.09	660,000.00			277,000.00	129,000.00		1,014,028.09
Due to Current Fund	1,044.51	6,422.33						-
Due from Grant Fund	(15,200.00)			7,466.84				(15,200.00)
Downpayment on Improvements	125,135.46	150,000.00			142,000.00	384,305.67		8,000.00
Reserve for Encumbrances	(2,079,077.00)	1,328,376.00			125,135.46			384,305.67
NJEIT Loan Receivable								(750,701.00)
<u>Improvement Authorizations:</u>								
995 Various Improvements					50,000.00	50,000.00		-
1034 B. Sanitary Sewer Mains					41,869.90	41,869.90		-
1061 Various Improvements								
1066 Storm Sewer Replacement	228,434.00							228,434.00
1086 Acquisition of Public Works Equip.	10,000.00							10,000.00
1092 Various Improvements:								
A. Purchase Vehicular Equipment	7,647.01				14,854.67	16,321.67		-
B. Improve Public Buildings	110.01				7,647.01			-
C. Purchase Land	3,580.00							110.01
D. Improvement to Various Streets	91,102.85					7,647.01		3,580.00
1095 Purchase of Equipment, Reconfiguration								98,749.86
Amended by 1102 of Parking Area and Improve Public Buildings	52,743.93							52,743.93
1110 Purchase Public Safety Equipment	39,237.52							39,237.52
1112 Various Improvements:								
A. Purchase Trash Packer	14,969.99							14,969.99
C. Improvements to Storm Sewer System - New Jersey and Bayview Drive	142,555.01							142,555.01
1128 Improvements to Storm Sewer System - Cresse Avenue	1,157.68							1,157.68
1130 Recreation Center	23,224.17				(10,975.48)	10,975.48		23,224.17
Various Improvements:								
B. Purchase Backhoe	13,794.24							13,794.24
D. Replace Storm Sewer Pipes	60,769.22							60,769.22
E. Replace Sanitary Sewer Pipes	97,606.01							97,606.01
1134 Acquisition of Pick-up Truck and Beach Utility Vehicle							994.00	-

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
1140 Acquire Public Works Equip.	787.52							787.52
1143 Various Improvements:								
A. Acquisition of Playground Equip.	7,902.89							7,902.89
B. Improvements to DPW Building	59,734.03							59,734.03
C. Improvements to Nesbitt Center	2,419.48							2,419.48
1145 Public Works Vehicular Equip. and Public Benches	511.86							511.86
1147 Various Improvements:								
A. Acquisition of Real Property	1,872.35							1,872.35
B. Police Communications Equip.	3,050.45			(1,500.00)		1,500.00		3,050.45
C. Acquire Emergency Generator	97,557.98			-		9,500.00		88,057.98
1149 Improve Sanitary Sewerage System	1,809,709.69			1,295,582.89		13,777.00		500,349.80
1152 Construct Beachfront Park	2,203.01							2,203.01
1156 Improvements to Various Municipally- Owned Properties and Acquisition of Equipment	39,764.22							39,764.22
1158 Improvements to Storm Water System	15,049.40			(1,000.00)		1,000.00		15,049.40
1174 Improvements to Various Municipally- Owned Buildings	3,931.47							3,931.47
1179 Replacement and Widening of Beachfront Bike Path	140,414.84			100,055.47				40,359.37
1184 Various General Improvements	23,009.93							23,009.93
1186 Storm Sewer	28,734.43							28,734.43
1198 Various General Improvements								
A. Pacific Ave	306,331.20			104,430.73				201,900.47
B. Fuel Tanks	17,704.36			(27,314.22)		33,547.00		11,471.58
1211 Various Improvements								
A. Dump Body Truck	2,558.00			(185.00)				2,743.00
B. Trash Truck	580.00							580.00
C. Parking Meter Compon	36,000.00							36,000.00
E. Buttercup Road	201,572.18			157,345.65		1,750.00		42,476.53
F. Pacific Ave ADA Curbs	27,656.25			8,798.74		18,060.00		797.51
G. NJ Ave Pole Relocate	292,161.20			15,108.80				277,052.40
1219 Various Improvements								
A. Library Parking Lot	116,750.30			22,638.18				94,112.12
B. Buttercup Road	125,000.00							125,000.00
C. Pacific Ave ADA	50,000.00							50,000.00

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
1222 Pacific Ave Phase II	129,000.00					129,000.00		-
1234 Various Improvements				5,500.00			5,500.00	-
A. Beach Patrol Shed							35,000.00	35,000.00
B. Parking Cardinal Rd				-		36,776.19	40,000.00	3,223.81
C. Fingerprint Process				11,280.00		26,720.00	38,000.00	-
D. EMT Garage Floor/Vent				14,293.00			15,000.00	707.00
E. Public Safety Sign				12,249.70			15,000.00	2,750.30
F. Old Library Bid Arch				-		26,100.00	50,000.00	23,900.00
G. Heather Rd Bikeshop				46,000.00			46,000.00	-
H. 4WD Dump Truck				10,932.77			20,000.00	20,000.00
I. Pool Bldg Doors							12,500.00	1,567.23
J. Outdoor Lighting								
1244 Various Improvements			2,261,900.00				113,100.00	2,170,400.00
A. Pacific Ave Phase II			571,100.00				28,900.00	600,000.00
B. Sunset Lake								
	<u>\$ 2,935,019.71</u>	<u>2,144,798.33</u>	<u>2,833,000.00</u>	<u>1,888,376.69</u>	<u>1,066,555.14</u>	<u>1,066,555.14</u>	<u>1,066,555.14</u>	<u>6,016,974.51</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2015		\$ 502,028.09
Increased by:		
Current Fund Budget Appropriation	810,000.00	
Funded Improvement Authorizations Canceled	<u>129,000.00</u>	
		<u>939,000.00</u>
		1,441,028.09
Decreased by:		
Appropriation to Finance Improvement Authorization	419,000.00	
	<u>419,000.00</u>	
Balance December 31, 2016		\$ <u><u>1,022,028.09</u></u>
Capital Improvement Fund		1,014,028.09
Down Payment on Improvements		<u>8,000.00</u>
		<u><u>1,022,028.09</u></u>

See Accompanying Auditor's Report

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

	<u>Ref.</u>	
Balance December 31, 2015		\$ 31,095,012.43
Increased by:		
None		-
		<hr style="width: 100%;"/>
		31,095,012.43
Decreased by:		
Serial Bonds Paid by Operating Budget	1,770,000.00	
NJEIT Loans Paid by Operating Budget	695,729.17	
USRDA Loans Paid by Operating Budget	<u>21,571.73</u>	
		<hr style="width: 100%;"/>
		2,487,300.90
		<hr style="width: 100%;"/>
Balance December 31, 2016		\$ <u><u>28,607,711.53</u></u>

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Cancelled	Balance Dec. 31, 2016	Analysis of Balance	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
1149	Improve Sanitary Sewerage System	\$ 482,088.00			482,088.00		482,088.00
1198	Various Improvements	947,000.00			947,000.00	947,000.00	-
1222	Pacific Ave Phase II	2,571,000.00		2,571,000.00	-		-
1244	Various Improvements		2,833,000.00		2,833,000.00	2,833,000.00	-
		<u>\$ 4,000,088.00</u>	<u>2,833,000.00</u>	<u>2,571,000.00</u>	<u>4,262,088.00</u>	<u>3,780,000.00</u>	<u>482,088.00</u>
Improvement Authorizations Unfunded						3,436,960.05	
Less:							
Unexpended Proceeds of Bond							
Anticipation Notes Issued:							
Ord. Number							
1198							
1244							
						<u>2,954,872.05</u>	
						<u>\$ 482,088.00</u>	

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Other Funding	Authorizations		Balance December 31, 2016	
				Funded	Unfunded		Deferred Charges to Future Taxation	Paid/Charged or Canceled	Funded	Unfunded
1061	Various Improvements C. Sanitary Sewer Mains	6/11/2008	3,500,000 \$	228,434.00					228,434.00	
1066	Storm Sewer Replacement	1/14/2009	240,000	10,000.00					10,000.00	
1092	Various Improvements: A. Purchase of Vehicular Equipment B. Improve Public Buildings C. Purchase Land D. Improvement to Various Streets	2/10/2010	1,660,000 200,000 400,000	7,647.01 110.01 3,580.00 91,102.85			7,647.01		- 110.01 3,580.00 98,749.86	
1095 Amended by 1102	Purchase of Equipment, Reconfiguration of Parking Area and Improve Public Buildings	3/24/2010	200,000	52,743.93					52,743.93	
1110	Purchase Public Safety Equipment	11/22/2010	100,000	39,237.52					39,237.52	
1112	Various Improvements: A. Purchase Trash Packer C. Improvements to Storm Sewer System - New Jersey and Bayview Drive D. Improvements to Storm Sewer System - Cresse Avenue	11/22/2010	225,000 1,100,000 100,000	14,969.99 142,555.01 1,157.68					14,969.99 142,555.01 1,157.68	
1128	Improvements to Crest Pier Recreation Center	6/8/2011	1,500,000	23,224.17					23,224.17	
1130	Various Improvements: B. Purchase Backhoe D. Replace Storm Sewer Pipes E. Replace Sanitary Sewer Pipes	8/10/2011	1,490,000	13,794.24 60,769.22 97,606.01					13,794.24 60,769.22 97,606.01	
1140	Acquire Public Works Equip.	1/25/2012	119,000	787.52					787.52	
1143	Various Improvements: A. Acquisition of Playground Equip. B. Improvements to DPW Building C. Improvements to Nesbitt Center	3/7/2012	360,000	7,902.89 59,734.03 2,419.48					7,902.89 59,734.03 2,419.48	
1145	Public Works Vehicular Equip. and Public Benches	7/25/2012	125,000	511.86					511.86	
1147	Various Improvements: A. Acquisition of Real Property B. Police Communications Equip. C. Acquire Emergency Generator	8/29/2012	614,000	1,872.35 3,050.45 97,557.98			9,500.00		1,872.35 3,050.45 88,057.98	

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Other Funding	Authorizations		Balance December 31, 2016		
				Funded	Unfunded		Deferred Charges to Future Taxation	Paid/Charged or Canceled	Funded	Unfunded	
1149	Improve Sanitary Sewerage System	11/26/2012	13,000,000	1,809,709.69	482,088.00				1,309,359.89	500,349.80	482,088.00
1152	Construct Beachfront Park	12/27/2012	40,000	2,203.01						2,203.01	
1156	Improvements to Various Municipally-Owned Properties and Acquisition of Equipment	1/23/2013	242,000	39,764.22						39,764.22	
1158	Improvements to Storm Water System	2/6/2013	51,000	15,049.40						15,049.40	
1174	Improvements to Various Municipally-Owned Buildings	8/21/2013	950,000	3,931.47						3,931.47	
1179	Replacement and Widening of Beachfront Bike Path	11/25/2013	350,000	140,414.84					100,055.47	40,359.37	
1184	Various General Improvements	1/22/2014	340,500.00	23,009.93						23,009.93	
1186	Storm Sewer	3/12/2014	100,000.00	28,734.43						28,734.43	
1198	Various General Improvements: A. Pacific Ave B. Fuel Tanks	10/22/2014	995,000.00		306,331.20 17,704.36				104,430.73 6,232.78	- -	201,900.47 11,471.58
1211	Various Improvements A. Dump Body Truck B. Trash Truck C. Parking Meter Compon E. Buttercup Road F. Pacific Ave ADA Curbs G. NJ Ave Pole Relocate	3/5/2015	1,410,000.00	2,558.00 580.00 36,000.00 201,572.18 27,656.25 292,161.20					(185.00)	2,743.00 580.00 36,000.00 42,476.53 797.51 277,052.40	
1219	Various Improvements A. Library Parking Lot B. Buttercup Road C. Pacific Ave ADA	7/8/2015	300,000.00	116,750.30 125,000.00 50,000.00					22,638.18	94,112.12 125,000.00 50,000.00	
1222	Pacific Ave Phase II	10/7/2015	2,700,000.00	129,000.00	2,571,000.00				2,700,000.00	-	

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Paid/Charged or Canceled	Balance December 31, 2016	
				Balance December 31, 2015		Deferred Charges to Future Taxation		Funded	Unfunded
				Funded	Unfunded				
1234	Various Improvements A. Beach Patrol Shed B. Parking Cardinal Rd C. Fingerprint Process D. EMT Garage Floor/Vent E. Public Safety Sign F. Old Library Bld Arch G. Heather Rd Bkeshop H. 4WD Dump Truck I. Pool Bldg Doors J. Outdoor Lighting	2/10/2016	277,000.00			5,500.00	5,500.00	-	-
				35,000.00	40,000.00	38,000.00	36,776.19	35,000.00	3,223.81
				15,000.00	15,000.00	15,000.00	14,293.00	707.00	-
				50,000.00	50,000.00	46,000.00	26,100.00	2,750.30	23,900.00
				20,000.00	20,000.00	20,000.00	46,000.00	-	-
				12,500.00	12,500.00	12,500.00	10,932.77	20,000.00	1,567.23
1244	Various Improvements A. Pacific Ave Phase II B. Sunset Lake	10/15/2016	2,375,000.00 600,000.00	113,100.00 28,900.00			204,600.00	-	2,170,400.00 571,100.00
				419,000.00	3,377,123.56	419,000.00	4,847,546.90	2,349,479.73	3,436,960.05
				General Capital Fund Balance		419,000.00			
				Capital Improvement Fund		419,000.00			
				Cash Disbursed			1,888,376.69		
				Encumbrances Payable			384,305.67		
				Improvement Authorizations Cancelled			2,700,000.00		
				Prior Year Encumbrances Cancelled			(125,135.46)		
							<u>4,847,546.90</u>		

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
General Improvement Bonds of 2009	11/5/2009	13,135,000	11/1/17-18	1,000,000.00	4.000%	8,435,000.00		1,000,000.00	7,435,000.00
			11/1/19-21	1,200,000.00	4.000%				
			11/1/22	1,300,000.00	4.000%				
			11/1/23	535,000.00	4.000%				
General Improvement Bonds of 2014	8/27/2014	8,530,000	9/1/17	800,000.00	2.000%	7,790,000.00		770,000.00	7,020,000.00
			9/1/18	820,000.00	2.000%				
			9/1/19	840,000.00	2.000%				
			9/1/20	870,000.00	2.000%				
			9/1/21	890,000.00	2.000%				
			9/1/22	910,000.00	2.000%				
			9/1/23	940,000.00	2.125%				
		9/1/24	950,000.00	2.250%					
						\$ 16,225,000.00	-	1,770,000.00	14,455,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2015	Balance Dec. 31, 2016
			Balance December 31, 2016 Date	Amount	Interest Rate	Increased		
General Improvement Loan of 2007	6/23/2006	\$ 1,500,000	6/23/2017	11,141.05	4.375%	\$ 1,335,580.73	1,314,009.00	
			12/23/2017	11,384.76			21,571.73	
			6/23/2018	11,633.80				
			12/23/2018	11,888.29				
			6/23/2019	12,148.35				
			12/23/2019	12,414.10				
			6/23/2020	12,685.65				
			12/23/2020	12,963.15				
			6/23/2021	13,246.72				
			12/23/2021	13,536.49				
			6/23/2022	13,832.60				
			12/23/2022	14,135.19				
			6/23/2023	14,444.40				
			12/23/2023	14,760.37				
			6/23/2024	15,083.25				
			12/23/2024	15,413.20				
			6/23/2025	15,750.36				
			12/23/2025	16,094.90				
			6/23/2026	16,446.98				
			12/23/2026	16,806.76				
		6/23/2027	17,174.41					
		12/23/2027	17,550.10					
		6/23/2028	17,934.00					
		12/23/2028	18,326.31					
		6/23/2029	18,727.20					
		12/23/2029	19,136.86					
		6/23/2030	19,555.47					
		12/23/2030	19,983.25					
		6/23/2031	20,420.38					
		12/23/2031	20,867.08					
		6/23/2032	21,323.55					
		12/23/2032	21,790.00					
		6/23/2033	22,266.66					
		12/23/2033	22,753.74					
		6/23/2034	23,251.48					
		12/23/2034	23,760.10					
		6/23/2035	24,279.86					
		12/23/2035	24,810.98					
		6/23/2036	25,353.72					
		12/23/2036	25,908.33					
		6/23/2037	26,475.07					
		12/23/2037	27,054.22					

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF U.S.R.D.A. BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Balance Date	December 31, 2016	Amount						
General Improvement Loan of 2007	6/23/2006	\$ 1,500,000	6/23/2038	27,646.03							
			12/23/2038	28,250.78							
			6/23/2039	28,868.77							
			12/23/2039	29,500.27							
			6/23/2040	30,145.59							
			12/23/2040	30,805.03							
			6/23/2041	31,478.89							
			12/23/2041	32,167.49							
			6/23/2042	32,871.15							
			12/23/2042	33,590.21							
			6/23/2043	34,325.00							
			12/23/2043	35,075.85							
			6/23/2044	35,843.14							
			12/23/2044	36,627.21							
			6/23/2045	37,428.43							
		12/23/2045	38,247.17								
		6/23/2046	36,624.85								
							\$ 1,335,580.73	-	21,571.73	1,314,009.00	

**GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Balance December 31, 2016	Amount	Dec. 31, 2015					
NJ Environ. Infrastructure Trust Series 2010- Fund Loan	3/10/2010	\$ 3,476,677				0.000%	\$ 2,474,922.70		176,780.17	2,298,142.53
				2/1/17	58,926.72					
				8/1/17	117,853.45					
				2/1/18	58,926.72					
				8/1/18	117,853.45					
				2/1/19	58,926.72					
				8/1/19	117,853.45					
				2/1/20	58,926.72					
				8/1/20	117,853.45					
				2/1/21	58,926.72					
				8/1/21	117,853.45					
				2/1/22	58,926.72					
				8/1/22	117,853.45					
				2/1/23	58,926.72					
				8/1/23	117,853.45					
				2/1/24	58,926.72					
				8/1/24	117,853.45					
				2/1/25	58,926.72					
				8/1/25	117,853.45					
				2/1/26	58,926.72					
				8/1/26	117,853.45					
				2/1/27	58,926.72					
				8/1/27	117,853.45					
				2/1/28	58,926.72					
				8/1/28	117,853.45					
				2/1/29	58,926.72					
				8/1/29	117,853.77					

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Balance December 31, 2016	Date	Amount					
NJ Environ. Infrastructure Trust Series 2010A- Trust Loan	3/10/2010	\$ 1,135,000				5.000%	920,000.00			870,000.00
			50,000.00	8/1/17		5.000%			50,000.00	
			55,000.00	8/1/18		5.000%				
			55,000.00	8/1/19		4.000%				
			60,000.00	8/1/20		5.000%				
			60,000.00	8/1/21		3.000%				
			65,000.00	8/1/22-23		4.000%				
			70,000.00	8/1/24-25		4.000%				
			75,000.00	8/1/26		3.500%				
			80,000.00	8/1/27-28		4.000%				
		85,000.00	8/1/29		4.000%					
NJ Environ. Infrastructure Trust NJ Ave Temporary Loan		N/A				N/A	10,139,509.00		468,949.00	9,670,560.00
				Temporary Loan			\$ 13,534,431.70		695,729.17	12,838,702.53

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
Various Improvements	1198	12/4/2014	12/2/2015	11/30/2017	1.09%	947,000.00	947,000.00	947,000.00	947,000.00
Various Improvements	1244	11/30/2016	11/30/2016	11/30/2017	1.09%		2,833,000.00		2,833,000.00
						\$ 947,000.00	3,780,000.00	947,000.00	3,780,000.00
							3,780,000.00	-	
							3,780,000.00	-	

Renewals
Issued for Cash
Paid by Budget Appropriation

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Bond Antic. Notes Issued	Cancelled	Balance Dec. 31, 2016
1149	Improve Sanitary Sewer System	482,088.00				482,088.00
1222	Pacific Ave Phase II	2,571,000.00			2,571,000.00	-
1244	Various Improvements		2,833,000.00	2,833,000.00		-
		<u>\$ 3,053,088.00</u>	<u>2,833,000.00</u>	<u>2,833,000.00</u>	<u>2,571,000.00</u>	<u>482,088.00</u>

BOROUGH OF WILDWOOD CREST

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement".

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 within the fiscal year due to not having a Qualified Purchasing Agent. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated the following contracts were bid in 2016:

None

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$40,000 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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 authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 et seq. permits the governing body to fix the rate of interest to be charged for the nonpayment of taxes, sewer or other municipal charges.

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Borough of Wildwood Crest, the rate of interest on unpaid taxes and sewer shall be eight (8) percent per annum on the first one thousand five hundred dollars (\$1,500.00) of delinquency and eighteen (18) percent per annum on any amount in excess of one thousand five hundred dollars (\$1,500.00) to be calculated from the date the tax, sewer or other municipal charges were payable until the date of actual payment. No interest shall be charged if payment is made on or before the tenth (10th) calendar day following the date upon which the same is payable.

BE IT FURTHER RESOLVED, in addition to the interest provided above, all delinquencies in excess of ten thousand dollars (\$10,000.00) which are not paid prior to the end of the year will be subject to a year-end penalty of six (6) percent.

Delinquent Taxes and Tax Title Liens

The 2016 tax sale was held and was complete. There were no properties in bankruptcy as of December 31, 2016.

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

<u>Year</u>	<u>Number of Liens</u>
2016	-
2015	-
2014	-

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2016 and 2017 Taxes	5
Delinquent Taxes	5
Payment of Utility Charges	5
Delinquent Utility Charges	5

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.

<u>Year</u>		<u>Currently</u>		
		<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2016	\$	27,405,074	26,914,079	98.21%
2015		27,011,997	26,496,648	98.09%
2014		26,460,624	25,965,616	98.13%
2013		26,032,865	25,416,189	97.63%
2012		25,308,035	24,681,183	97.52%
2011		24,617,366	24,170,822	98.19%

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	1.194	1.176	1.150	1.128	1.093
Apportionment of Tax Rate:					
Municipal	0.651	0.641	0.627	0.612	0.593
County	0.242	0.240	0.235	0.234	0.227
Local School	0.301	0.295	0.288	0.282	0.273
Assessed Valuation	2,292,297,710	2,294,534,200	2,298,365,908	2,303,746,856	2,311,598,638

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>		Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of Tax <u>Levy</u>
2016	\$	-	394,624	394,624	1.44%
2015		-	430,329	430,329	1.59%
2014		-	423,700	423,700	1.60%
2013		-	478,803	478,803	1.84%
2012		-	470,092	470,092	1.86%

Uniform Construction Code

The Borough of Wildwood Crest 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.

BOROUGH OF WILDWOOD CREST

FINDINGS AND RECOMMENDATIONS

NONE

Should any questions arise as to our audit please do not hesitate to contact me.

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

May 26, 2017