

BOROUGH OF WILDWOOD CREST

COUNTY OF CAPE MAY

NEW JERSEY

AUDIT REPORT

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

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, 2018



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, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the 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, 2018 and 2017, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 July 24, 2019 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. 472

July 24, 2019

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EXHIBIT A - CURRENT FUND

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

	2018	2017
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 15,683,436.94	14,952,816.40
Change and Petty Cash Funds	1,600.00	1,600.00
	15,685,036.94	14,954,416.40
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	510,264.48	447,156.56
Revenue Accounts Receivable	257,035.72	197,149.84
Tax Title Liens	-	11,640.50
Interfund Receivable:		
Due from Trusts - Other	-	14,347.90
Due from Grant Fund		9,418.10
Due from State of New Jersey		
Senior Citizens and Veterans	594.27	-
Total Receivables and Other Assets	767,894.47	679,712.90
Deferred Charges:		
Special Emergency Authorization	-	-
	16,452,931.41	15,634,129.30
Federal and State Grant Fund:		
Cash	156,084.07	171,284.07
Due from Current Fund	127,056.22	-
Federal and State Grants Receivable	1,667,308.73	1,819,891.20
Total Federal and State Grant Fund	1,950,449.02	1,991,175.27
Total Current Fund	\$ 18,403,380.43	17,625,304.57

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>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,377,704.00	1,884,746.69
Encumbrances Payable/Accounts Payable	320,517.58	559,229.68
Accounts Payable	39,341.82	108,996.53
Payroll Deductions Payable	1,968.06	-
Prepaid Taxes	907,436.11	1,575,404.79
Overpaid Taxes	10,418.51	21,014.33
Local School Tax Payable	1,967,650.92	1,906,037.17
County Added Tax Payable	13,268.69	13,137.68
Prepaid Sewer Rents	13,778.49	23,810.84
Sewer Rent Overpayments	16,849.19	19,566.16
Due to GWTIDA	480.00	480.00
Prepaid TDC Fees	2,500.00	700.00
Prepaid Licenses	76,750.00	350.00
Salary and Wage Payable	50,000.00	
Due to State of New Jersey		
Senior Citizens and Veterans		572.17
Due to Grant Fund	127,056.22	
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	295,872.96	295,216.28
Reserve for Master Plan	15,000.00	15,000.00
Reserve for Insurance Proceeds	95,862.07	23,019.02
Reserve for Revaluation	13,725.46	13,725.46
	<u>6,899,258.28</u>	<u>7,014,085.00</u>
Reserve for Receivables and Other Assets	767,300.20	679,712.90
Fund Balance	8,786,372.93	7,940,331.40
Total Regular Fund	<u>16,452,931.41</u>	<u>15,634,129.30</u>
Federal and State Grant Fund:		
Unappropriated Reserves	36,186.93	39,704.08
Appropriated Reserves	537,994.01	1,925,268.09
Due to Current Fund	-	9,418.10
Due to General Capital Fund	-	15,200.00
Encumbrances Payable	1,376,268.08	1,585.00
Total Federal and State Grant Fund	<u>1,950,449.02</u>	<u>1,991,175.27</u>
Total Current Fund	<u>\$ 18,403,380.43</u>	<u>17,625,304.57</u>

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,**

	2018	2017
Revenue and Other Income Realized		
Fund Balance	\$ 2,600,000.00	3,500,000.00
Miscellaneous Revenue Anticipated	6,343,956.51	8,276,732.80
Receipts from Delinquent Taxes	443,923.91	392,056.59
Receipts from Current Taxes	28,328,541.79	27,864,280.49
Non Budget Revenue	542,171.54	223,729.44
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,770,662.62	1,917,318.64
Payroll Deductions Payable		4,956.22
Accounts Payable Cancelled	68,740.96	
PY Refunds Realized	350.00	-
Interfund Returned	23,766.00	84,475.05
Total Income	40,122,113.33	42,263,549.23
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,580,416.76	6,294,112.00
Other Expenses	7,330,082.00	7,136,932.00
Deferred Charges & Statutory Expenditures	1,277,176.00	1,214,066.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	13,000.00	21,000.00
Other Expenses	3,504,910.63	5,056,181.86
Capital Improvements	1,325,400.00	2,375,400.00
Municipal Debt Service	3,191,105.05	3,253,179.56
Deferred Charges & Statutory Expenditures	-	160,000.00
Local District School Tax	7,541,532.00	7,393,659.00
County Tax	5,861,825.95	5,670,633.62
County Share of Added Tax	13,268.69	13,137.68
Grants Cancelled	31,923.72	3,712.24
Prior Year Senior Citizens Disallowed	2,500.00	1,000.00
Prior Year Revenues Refunded	2,931.00	-
Total Expenditures	36,676,071.80	38,593,013.96
Excess in Revenue	3,446,041.53	3,670,535.27

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,**

	2018	2017
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	3,446,041.53	3,670,535.27
Fund Balance January 1	7,940,331.40	7,769,796.13
	11,386,372.93	11,440,331.40
Decreased by:		
Utilization as Anticipated Revenue	2,600,000.00	3,500,000.00
Fund Balance December 31	\$ 8,786,372.93	7,940,331.40

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, 2018**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 2,600,000.00		2,600,000.00	
Total Fund Balance Anticipated	2,600,000.00	-	2,600,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	170,000.00		158,150.00	(11,850.00)
Fees and Permits	140,000.00		169,108.00	29,108.00
Fines and Costs:				
Municipal Court	63,000.00		75,475.03	12,475.03
Interest and Costs on Taxes	85,000.00		101,390.14	16,390.14
Parking Meters	255,000.00		296,916.50	41,916.50
Interest on Investments and Deposits	95,000.00		300,162.67	205,162.67
Municipal Pier and Concession Income	280,000.00		194,305.00	(85,695.00)
Interest and Costs on Delinquent Sewer Rents	19,000.00		19,095.38	95.38
Sewer Rents	3,230,245.00		3,467,147.75	236,902.75
Recreation Income - Pool	77,000.00		89,355.00	12,355.00
TV Cable Franchise Fee	52,773.25		52,773.25	-
Fees and Permits - Craft Show	5,000.00		4,125.00	(875.00)
Ambulance Fees	170,000.00		203,275.45	33,275.45
Total Section A: Local Revenues	4,642,018.25	-	5,131,279.17	489,260.92
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	381,045.00		381,045.00	-
Total Section B: State Aid Without Offsetting Appropriations	381,045.00	-	381,045.00	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	12,984.72		12,984.72	
Clean Communities Program	24,532.11		24,532.11	
State Aid - Housing	13,000.00		13,000.00	
Police Body Armor Grant	2,187.25		2,187.25	
US Bulletproof Vest Program	1,437.55		1,437.55	
NJDOT Newark Ave Phase 2		185,000.00	185,000.00	
USDA Forrestry Grant		3,000.00	3,000.00	
2018 Get Active Grant		3,000.00	3,000.00	
GWTIDA - Summer Events Grants		29,000.00	29,000.00	
		-		
Total Section F: Special Items - Public and Private Programs	54,141.63	220,000.00	274,141.63	-
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	158,000.00		153,128.76	(4,871.24)
Beach Operation Off-Set - Reserved	295,216.28		295,216.28	-
Recreation-Admin Fee	34,867.62		34,867.62	-
Court Administrator	50,000.00		74,278.05	24,278.05
Total Section G: Special Items of General Revenue Anticipated	538,083.90	-	557,490.71	19,406.81
With Prior Written Consent of Director of Local Government				
Services - Other Special Items	5,615,288.78	220,000.00	6,343,956.51	508,667.73
Total Miscellaneous Revenues:	373,000.00		443,923.91	70,923.91
Receipts from Delinquent Taxes				

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	\$ 15,356,509.24		15,772,377.78	415,868.54
Total Amount to be Raised by Taxes for Support of Municipal Budget	15,356,509.24	-	15,772,377.78	415,868.54
Budget Totals	23,944,798.02	220,000.00	25,160,258.20	995,460.18
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		542,171.54	542,171.54
	\$ 23,944,798.02	220,000.00	25,702,429.74	1,537,631.72

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, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	28,328,541.79
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Allocated to:

School, County and Other Taxes		13,416,626.64
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Balance for Support of Municipal Budget Appropriations		14,911,915.15
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		860,462.63
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Amount for Support of Municipal Budget Appropriations		<u>15,772,377.78</u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		<u>426,933.04</u>
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Total Receipts from Delinquent Taxes		<u>443,923.91</u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector:

Tax Searches		-
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Tax Sale Costs		-
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Treasurer:

Late Mercantile Penalties		3,195.00
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Pension Refunds		223.86
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Code Violations		2,000.00
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Sale of Municipal Assets		33,318.00
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Administration Fee - Vets and Seniors		941.01
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Photocopies		1,340.60
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Police Department		10,646.79
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Recycling		8,825.20
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GWTIDA Support		91,418.94
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JIF Dividend		77,460.00
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Statutory Excess - Dog Fund		264.00
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Bad Check Fee		360.00
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Employee Health Insurance Premium CoPay		651.48
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Insurance Refunds		23,019.02
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Notary Fees		5.00
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Reimbursement of S/W Grant/Trust		21,925.01
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Junior Lifeguard Program		4,950.00
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Workers Compensation Reimbursements		44,575.92
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Settlement for Lawsuit		60,000.00
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FEMA Reimbursements		127,784.43
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Miscellaneous		29,267.28
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		<u>542,171.54</u>
Total Miscellaneous Revenue Not Anticipated:	\$	<u>542,171.54</u>

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	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	19,500.00	19,500.00	19,500.00	-	-	
Other Expenses	750.00	750.00	286.77		463.23	
Fire						
Salaries and Wages	3,500.00	3,500.00	3,500.00		-	
Other Expenses	220,700.00	220,700.00	217,377.72	34.00	3,288.28	
Police						
Salaries and Wages	2,173,643.76	2,173,643.76	2,145,872.89		27,770.87	
Other Expenses	223,800.00	223,800.00	189,100.76	26,248.36	8,450.88	
Municipal Prosecutor						
Other Expenses	18,000.00	18,000.00	18,000.00		-	
Legal						
Other Expenses	190,000.00	210,000.00	195,561.48	4,131.83	10,306.69	
Local Code Enforcement						
Salaries and Wages	38,000.00	38,000.00	33,312.81		4,687.19	
Other Expenses	6,500.00	6,500.00	2,735.89	1,005.97	2,758.14	
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	550,000.00	550,000.00	453,464.98		96,535.02	
Other Expenses	39,900.00	39,900.00	35,778.86	190.00	3,931.14	
Environmental Commission (N.J.S. 40:56A-1)						
Salaries and Wages	2,000.00	2,000.00	273.07		1,726.93	
Other Expenses	1,000.00	1,000.00			1,000.00	
Lifeguards						
Salaries and Wages	560,000.00	560,000.00	553,340.00		6,660.00	
Other Expenses	75,580.00	75,580.00	73,570.48	2,000.00	9.52	
Land Use Administration						
Salaries and Wages	32,500.00	32,500.00	31,499.52		1,000.48	
Other Expenses	122,100.00	122,100.00	67,924.43	31,492.98	22,682.59	
Traffic Maintenance						
Salaries and Wages	132,000.00	132,000.00	115,230.42		16,769.58	
Other Expenses	38,400.00	38,400.00	33,872.79	2,398.92	2,128.29	

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, 2018**

	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	\$ 131,000.00	131,000.00	123,391.16		7,608.84	
Other Expenses	12,600.00	12,600.00	2,172.46	1,850.52	8,577.02	
Animal Control						
Other Expenses	37,000.00	37,000.00	26,528.61	100.00	10,371.39	
Police Dispatch						
Salaries and Wages	205,000.00	205,000.00	24,750.14		180,249.86	
Municipal Court						
Salaries and Wages	160,673.00	160,673.00	149,538.40		11,134.60	
Other Expenses	16,845.00	16,845.00	8,634.56	299.75	7,910.69	
Public Defender (P.L. 1997, C.256)						
Other Expenses	13,000.00	13,000.00	10,833.30	2,166.70	-	
DEPARTMENT OF REVENUE AND FINANCE:						
Director's Office						
Salaries and Wages	19,500.00	19,500.00	19,500.00		-	
Other Expenses	1,200.00	1,200.00	763.90		436.10	
Borough Administration						
Salaries and Wages	280,100.00	280,100.00	232,992.28		47,107.72	
Other Expenses	62,455.00	62,455.00	31,781.55	14,747.02	15,926.43	
Election Expense	1,200.00	1,200.00	950.52		249.48	
Financial Administration						
Salaries and Wages	239,000.00	239,000.00	209,190.43		29,809.57	
Other Expenses	121,700.00	121,700.00	90,233.93	6,431.35	25,034.72	
Municipal Audit	33,700.00	33,700.00	33,700.00		-	
Assessment of Taxes						
Salaries and Wages	10,000.00	10,000.00	2,307.70		7,692.30	
Other Expenses	56,680.00	56,680.00	46,064.40	6,578.70	4,036.90	
Collection of Taxes						
Salaries and Wages	155,000.00	155,000.00	117,877.75		37,122.25	
Other Expenses	23,000.00	23,000.00	8,909.48	210.04	13,880.48	

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, 2018**

	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	5,434.04		6,165.96	
Other Expenses						
Insurance						
General Liability	170,000.00	170,000.00	170,000.00		-	
Workers Compensation	350,000.00	350,000.00	319,428.00		30,572.00	
Employee Group Health	3,176,522.00	3,134,522.00	2,363,697.49		770,824.51	
Health Benefit Waiver						
Salaries and Wages	40,000.00	40,000.00	31,412.01		8,587.99	
DEPARTMENT OF PUBLIC WORKS						
PARKS AND PUBLIC PROPERTY:						
Director's Office						
Salaries and Wages	20,500.00	20,500.00	20,500.00		-	
Other Expenses	750.00	750.00	740.00		10.00	
Engineer						
Other Expenses	80,000.00	100,000.00	52,781.25	12,875.00	34,343.75	
Landfill						
Other Expenses	333,000.00	353,000.00	319,671.89		33,328.11	
Public Works						
Salaries and Wages	427,000.00	418,500.00	362,689.33		55,810.67	
Other Expenses	110,300.00	110,300.00	83,324.26	25,934.50	1,041.24	
Recreation Buildings						
Other Expenses	83,250.00	73,250.00	55,488.74	11,600.54	6,160.72	
Beach Cleaning						
Salaries and Wages	40,000.00	40,000.00	33,731.25		6,268.75	
Other Expenses	72,000.00	72,000.00	61,278.37	8,565.12	2,156.51	
Sanitation						
Salaries and Wages	403,000.00	383,000.00	369,279.01		13,720.99	
Other Expenses	41,000.00	41,000.00	23,159.41	7,915.00	9,925.59	
Parks and Buildings						
Salaries and Wages	172,000.00	172,000.00	152,153.69		19,846.31	
Other Expenses	134,200.00	134,200.00	113,059.55	12,495.80	8,644.65	
Sewage						
Salaries and Wages	135,000.00	135,000.00	112,932.71		22,067.29	
Other Expenses	52,600.00	52,600.00	38,284.69	4,000.00	10,315.31	

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, 2018**

	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	\$ 134,000.00	141,500.00	139,160.90		2,339.10	
Salaries and Wages	156,400.00	166,400.00	150,658.68	15,488.00	253.32	
Other Expenses						
Tourism						
Salaries and Wages	25,000.00	24,000.00	21,839.32		2,160.68	
Other Expenses	121,600.00	121,600.00	101,972.64	15,235.00	4,392.36	
Recreation Commission (N.J.S. 40:61-17)						
Salaries and Wages	325,000.00	329,000.00	325,415.01		3,584.99	
Other Expenses	38,600.00	38,600.00	32,689.79	4,356.70	1,553.51	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS APPROPRIATIONS OFFSET BY REVENUES						
State Uniform Construction Code	113,000.00	113,000.00	107,935.90		5,064.10	
Salaries and Wages	29,650.00	29,650.00	14,988.17	343.98	14,317.85	
Other Expenses						
UTILITY EXPENSES AND BULK PURCHASES:						
Water	90,000.00	90,000.00	66,221.35		23,778.65	
Street Lighting	190,000.00	190,000.00	153,535.50	19.96	36,444.54	
Telephone	110,000.00	110,000.00	86,248.90	245.65	23,505.45	
Fire Hydrants	47,000.00	47,000.00	25,412.40		21,587.60	
Natural Gas	110,000.00	110,000.00	75,271.34		34,728.66	
Electric	230,000.00	230,000.00	161,834.08		68,165.92	
Gasoline	180,000.00	180,000.00	120,309.80		59,690.20	
Accumulated Absence Liability	45,000.00	45,000.00	45,000.00		-	
Information Technology	75,000.00	75,000.00	66,138.00	4,164.99	4,697.01	
Wedding Fees- Salaries & Wages	4,000.00	4,000.00	800.00		3,200.00	
TOTAL OPERATIONS WITHIN "CAPS"	13,910,498.76	13,910,498.76	11,718,300.91	223,126.38	1,969,071.47	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	13,910,498.76	13,910,498.76	11,718,300.91	223,126.38	1,969,071.47	-
Detail:						
Salaries and Wages	6,598,416.76	6,580,416.76	5,961,890.68	-	618,526.08	-
Other Expenses	7,312,082.00	7,330,082.00	5,756,410.23	223,126.38	1,350,545.39	-

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, 2018**

	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.	\$ 380,490.00	380,490.00	363,675.85		16,814.15	
Public Employees Retirement System	334,486.00	334,486.00	330,485.91		4,000.09	
Social Security System (O.A.S.I.)	520,000.00	520,000.00	449,817.00		70,183.00	
Unemployment Compensation Insurance	38,000.00	38,000.00	38,000.00		-	
Defined Contribution Retirement Plan	4,200.00	4,200.00	1,744.22		2,455.78	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>1,277,176.00</u>	<u>1,277,176.00</u>	<u>1,183,722.98</u>	<u>-</u>	<u>93,453.02</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>15,187,674.76</u>	<u>15,187,674.76</u>	<u>12,902,023.89</u>	<u>223,126.38</u>	<u>2,062,524.49</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Cape May County MUA - Charges	3,230,245.00	3,230,245.00	3,082,028.00		148,217.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	<u>3,230,245.00</u>	<u>3,230,245.00</u>	<u>3,082,028.00</u>	<u>-</u>	<u>148,217.00</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
NJ Transportation Fund-NJ Ave Phase 1		185,000.00	185,000.00		-	
Police Body Armor Fund	2,187.25	2,187.25	2,187.25		-	
Recycling Tonnage Grant	12,984.72	12,984.72	12,984.72		-	
Clean Communities Program	24,532.11	24,532.11	24,532.11		-	
GWTIDA Summer Events		29,000.00	29,000.00		-	
Matching Funds for Grants	12,000.00	12,000.00	3,000.00		9,000.00	
Bullet Proof Vest	1,437.55	1,437.55	1,437.55		-	
USDA Forestry Grant		3,000.00	3,000.00		-	
Get Active Grant		3,000.00	3,000.00		-	
Municipal Alliance Consortium - Local share	1,524.00	1,524.00	1,524.00		-	
State Aid Housing						
Salaries and Wages	13,000.00	13,000.00	13,000.00		-	
Total Public and Private Programs Off-Set by Revenues	<u>67,665.63</u>	<u>287,665.63</u>	<u>278,665.63</u>	<u>-</u>	<u>9,000.00</u>	<u>-</u>

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS" Detail:	\$ 3,297,910.63	3,517,910.63	3,360,693.63	-	157,217.00	-
Salaries and Wages	13,000.00	13,000.00	13,000.00	-	-	-
Other Expenses	3,284,910.63	3,504,910.63	3,347,693.63	-	157,217.00	-
(C) Capital Improvements						
Down Payments on Improvements	150,000.00	150,000.00	150,000.00	-	-	-
Capital Improvement Fund	700,000.00	700,000.00	700,000.00	-	-	-
Emergency Sewer Repairs	100,000.00	100,000.00	44,176.77	-	55,823.23	-
Sanitary and Storm Sewer and Outfall Repairs	100,000.00	100,000.00	-	-	100,000.00	-
Preliminary Expenses- Capital Projects	150,000.00	150,000.00	50,533.10	97,391.20	2,075.70	-
Fire Department Equipment	125,400.00	125,400.00	125,336.42	-	63.58	-
Total Capital Improvements	1,325,400.00	1,325,400.00	1,070,046.29	97,391.20	157,962.51	-
(D) Debt Service						
Payment of Bond Principal	1,820,000.00	1,820,000.00	1,820,000.00	-	-	-
Payment of Bond Anticipation Notes	44,000.00	44,000.00	43,990.00	-	-	10.00
Interest on Bonds	385,500.00	385,500.00	385,350.00	-	-	150.00
Interest on Notes	84,250.00	84,250.00	84,082.27	-	-	167.73
USRDA						
Principal	23,525.00	23,525.00	23,525.00	-	-	-
Interest	56,250.00	56,250.00	56,245.00	-	-	5.00
New Jersey Environmental Infrastructure Trust						
Principal	706,000.00	706,000.00	705,729.17	-	-	270.83
Interest	153,825.00	153,825.00	72,183.61	-	-	81,641.39
Total Debt Service	3,273,350.00	3,273,350.00	3,191,105.05	-	-	82,244.95
(E) Deferred Charges						
Special Emergency Authorization	-	-	-	-	-	-
Total Deferred Charges	-	-	-	-	-	-

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, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 7,896,660.63	8,116,660.63	7,621,844.97	97,391.20	82,244.95
SUBTOTAL GENERAL APPROPRIATIONS	23,084,335.39	23,304,335.39	20,523,868.86	320,517.58	82,244.95
(M) Reserve for Uncollected Taxes	860,462.63	860,462.63	860,462.63		
TOTAL GENERAL APPROPRIATIONS	\$ 23,944,798.02	24,164,798.02	21,384,331.49	320,517.58	82,244.95
Budget		\$ 23,944,798.02			
Appropriations by 40A,4-87		220,000.00			
Emergency Appropriations		-			
		<u>24,164,798.02</u>			
Reserve for Uncollected Taxes			860,462.63		
Federal and State Grants			274,141.63		
Disbursements			20,249,727.23		
			<u>21,384,331.49</u>		

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EXHIBIT B - TRUST FUND

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

	2018	2017
ASSETS		
Animal Control Fund:		
Cash	\$ 2,313.00	2,247.00
Due from Current Fund	-	-
	<u>2,313.00</u>	<u>2,247.00</u>
Other Funds:		
Cash - Treasurer	1,279,347.39	1,244,075.75
	<u>1,279,347.39</u>	<u>1,244,075.75</u>
	<u>\$ 1,281,660.39</u>	<u>1,246,322.75</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Reserve for Expenditures	2,313.00	2,247.00
	<u>2,313.00</u>	<u>2,247.00</u>
Other Funds:		
Due to Current Fund	-	14,347.90
Reserve for Encumbrances	2,748.72	19,654.93
Due to State- Marriage Licenses	250.00	
Due to State- DCA Training Fees	2,370.00	
Reserves - Miscellaneous	1,273,978.67	1,210,072.92
	<u>1,279,347.39</u>	<u>1,244,075.75</u>
	<u>\$ 1,281,660.39</u>	<u>1,246,322.75</u>

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

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EXHIBIT C - CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	\$	5,663,978.04	6,202,958.23
Deferred Charges to Future Taxation -			
Funded		23,284,586.29	25,833,837.55
Unfunded		4,175,088.00	4,219,078.00
Due from Grant Fund		-	15,200.00
		<u>33,123,652.33</u>	<u>36,271,073.78</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable		10,835,000.00	12,655,000.00
USRDA Loans Payable		1,267,961.10	1,291,483.19
NJEIT Loan Payable		11,181,625.19	11,887,354.36
Bond Anticipation Notes Payable		3,000,000.00	3,736,990.00
Improvement Authorizations:			
Funded		1,616,422.35	2,071,716.50
Unfunded		1,274,431.74	2,273,143.93
Reserve for Encumbrances		1,562,531.09	105,822.74
Down Payment on Improvements		158,000.00	158,000.00
Capital Improvement Fund		1,784,272.02	1,989,028.09
Fund Balance		443,408.84	102,534.97
	\$	<u>33,123,652.33</u>	<u>36,271,073.78</u>

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

2017	482,088.00
2018	1,175,088.00

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>2018</u>	<u>2017</u>
Beginning Balance January 1	\$	102,534.97	72,189.97
Increased by:			
Funded Improvement Authorizations Canceled		340,873.87	
Premium on Sale of BAN's		-	30,345.00
		<u>443,408.84</u>	<u>102,534.97</u>
Decreased by:			
None			-
Ending Balance December 31	\$	<u><u>443,408.84</u></u>	<u><u>102,534.97</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>2018</u>	<u>2017</u>
General Fixed Assets:		
Land	\$ 25,380,014.00	25,762,031.79
Buildings	11,796,688.00	11,511,397.87
Machinery, Equipment and Vehicles	7,768,109.00	5,811,056.48
Construction in Progress	<u>11,670.00</u>	
	<u>44,956,481.00</u>	<u>43,084,486.14</u>
Investment in General Fixed Assets	\$ <u>44,956,481.00</u>	<u>43,084,486.14</u>

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

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NOTES TO FINANCIAL STATEMENTS

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

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, 2018 AND 2017
(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, 2018 AND 2017
(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, April 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. There is a ten day grace period.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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

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

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the Borough's financial reporting.

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

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

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the City's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$860,463 and \$833,740. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$2,600,000 and \$3,500,000.

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.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

The following significant budget transfers were approved in the 2018 and 2017 calendar years:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
Police		
Salaries and Wages		(41,000)
Legal		
Other Expenses	20,000	
Lifeguard		
Other Expenses		23,000
Employee Group Health	(42,000)	(225,000)
Public Works		
Other Expenses		26,000
Engineer		
Other Expenses	20,000	75,000
Landfill		
Other Expenses	20,000	
Parks & Buildings		
Salaries and Wages		(20,000)
Sanitation		
Salaries and Wages	(20,000)	
Sewage		
Salaries and Wages		(30,000)
Capital Improvement Fund		220,000

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018 and 2017, significant budget insertions were approved as listed on the following page:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
Summer Events Grant - GWTIDA	\$ 29,000	\$ 28,500
NJ DOT Newark Ave Phase 2	185,000	
USDA Forrestry Grant	3,000	
2018 Get Active Grant	3,000	
Total	<u>220,000</u>	<u>28,500</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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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, 2018 and 2017, the Borough's balance was \$7,327 and \$7,195.

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 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 funds that may pass to the municipality relative to the happening of a future condition.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2017:

	Balance 12/31/2016	Additions	Retirements/ Adjustments	Balance 12/31/2017
Land	\$ 25,369,474	188,413	204,145	25,762,032
Building and Improvements	11,377,153	134,245		11,511,398
Equipment and Machinery	8,345,510		(2,534,454)	5,811,056
Construction in Progress	204,145		(204,145)	-
	<u>\$ 45,296,282</u>	<u>322,658</u>	<u>(2,534,454)</u>	<u>43,084,486</u>

	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land	\$ 25,762,032	10,540	(392,558)	25,380,014
Building and Improvements	11,511,398	178,316	106,974	11,796,688
Equipment and Machinery	5,811,056	786,167	1,170,886	7,768,109
Construction in Progress		48,744	(37,074)	11,670
	<u>\$ 43,084,486</u>	<u>1,023,767</u>	<u>848,228</u>	<u>44,956,481</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Bond Anticipation Notes payable:				
General	\$ 3,780,000	3,736,990	3,780,000	3,736,990
	<u>\$ 3,780,000</u>	<u>3,736,990</u>	<u>3,780,000</u>	<u>3,736,990</u>
	Balance	Issued	Retired	Balance
	12/31/17			12/31/18
Bond Anticipation Notes payable:				
General	\$ 3,736,990	3,000,000	3,736,990	3,000,000
	<u>\$ 3,736,990</u>	<u>3,000,000</u>	<u>3,736,990</u>	<u>3,000,000</u>

The note was reissued on October 31, 2018 and is due and payable on October 31, 2019 with interest at 2.15%. As of December 31, 2017, the entity has authorized but not issued bonds in the amount of \$1,175,088 in the General Capital Fund.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7: LONG TERM DEBT

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

	Balance 12/31/16	Retired	Cancelled	Balance 12/31/17	Amounts Due Within One Year
Bonds payable:					
General	\$ 14,455,000	1,800,000	-	12,655,000	1,820,000
Total	<u>\$ 14,455,000</u>	<u>1,800,000</u>		<u>12,655,000</u>	<u>1,820,000</u>
Other liabilities:					
Loans Payable:					
General	14,152,712	723,255	(250,619)	13,178,838	318,511
Total long-term liabilities	<u>\$ 28,607,712</u>	<u>2,523,255</u>		<u>25,833,838</u>	<u>2,138,511</u>

	Balance 12/31/17	Retired	Cancelled	Balance 12/31/18	Amounts Due Within One Year
Bonds payable:					
General	\$ 12,655,000	1,820,000		10,835,000	2,040,000
Total	<u>\$ 12,655,000</u>	<u>1,820,000</u>	-	<u>10,835,000</u>	<u>2,040,000</u>
Other liabilities:					
Loans Payable:					
General	13,178,838	729,251		12,449,587	740,292
Total long-term liabilities	<u>\$ 25,833,838</u>	<u>2,549,251</u>	-	<u>23,284,587</u>	<u>2,780,292</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, 2018 is \$5,435,000.

\$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, 2018 is \$5,400,000.

\$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, 2017 is \$1,267,961.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

\$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, 2018 is \$1,944,582.

\$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, 2018 is \$765,000.

\$3,129,478 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, 2018 is \$2,568,859.

\$7,010,031 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, 2018 is \$5,903,184.

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>
2019	\$ 2,780,292	529,983
2020	2,821,378	456,146
2021	2,847,512	380,612
2022	2,978,697	305,577
2023	2,249,934	225,040
2024-2028	5,015,226	663,370
2029-2033	3,242,209	358,326
2034-2038	845,740	150,859
2039-2043	318,828	80,022
2044-2046	184,771	12,195
	23,284,586	3,162,130

As of December 31, 2018 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 \$212,511.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General - Bonds, Loans and Notes	\$ 26,284,586	\$ 29,570,827	\$ 32,387,712
Total Issued	<u>26,284,586</u>	<u>29,570,827</u>	<u>32,387,712</u>
<u>Authorized but not issued:</u>			
General - Bonds, Loans and Notes	1,175,088	482,088	482,088
Total Authorized But Not Issued	<u>1,175,088</u>	<u>482,088</u>	<u>482,088</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 27,459,674</u>	<u>\$ 30,052,915</u>	<u>\$ 32,869,800</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.247%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 27,459,674		27,459,674
	<u>\$ 27,459,674</u>	<u>-</u>	<u>27,459,674</u>

Net Debt \$27,459,674 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,201,751,118= 1.247%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 77,061,289
Net Debt	27,459,674
Remaining Borrowing Power	<u>\$ 49,601,615</u>

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, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$ 2,780,000	2,600,000

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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:

	12/31/2018		12/31/2017
Balance of Tax	\$ 3,117,651	\$	3,056,037
Deferred	1,150,000		1,150,000
Tax Payable	\$ 1,967,651	\$	1,906,037

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 12/31/18		Balance 12/31/17
Prepaid Taxes	\$ 907,436	\$	1,575,405
Cash Liability for Taxes Collected in Advance	\$ 907,436	\$	1,575,405

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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 7.34% through June 30, 2018 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$330,486, \$287,376, and \$283,969.

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, 2018, 2017, and 2016 were \$361,581, \$350,490, and \$354,782.

The total payroll for the year ended December 31, 2018, 2017, and 2016 was \$5,445,344, \$5,366,894, and \$5,844,754. Payroll covered by PFRS was \$1,465,638, \$1,418,402, and \$1,350,221. Payroll covered by PERS was \$2,702,742, \$2,672,976, and \$2,396,444.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%.
- For fiscal year 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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

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

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

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

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, 2018:

Public Employees' Retirement System

The Municipality has a liability of \$7,558,256 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the Municipality's proportion would be 0.0383872384%, which would be an increase of 9.71% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$542,833. At December 31, 2018, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 144,137	\$ (38,973)
Changes of assumptions	1,245,475	(2,416,728)
Changes in proportion	1,036,532	(236,353)
Net difference between projected and actual earnings on pension plan investments		(70,897)
Total	\$ 2,426,144	\$ (2,762,951)

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

Year ended June 30,	
2019	\$ 13,590
2020	(23,291)
2021	(149,388)
2022	(133,842)
2023	(43,876)
Total	\$ (336,807)

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

NOTES TO FINANCIAL STATEMENTS
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The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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 5.66%, 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 (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Municipality's proportionate share of the net pension liability	\$ 9,086,936	\$ 7,558,256	\$ 6,276,562

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$5,595,320.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2018, the Municipality's proportion would be 0.0413498801%, which would be an increase of 1.21% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$166,322.00. At December 31, 2018, 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	\$ 56,925	\$ (23,155)
Changes of assumptions	480,283	(1,433,984)
Changes in proportion	64,278	(567,091)
Net difference between projected and actual earnings on pension plan investments	-	(30,611)
Total	\$ 601,486	\$ (2,054,841)

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:

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Year ended June 30,	
2018	\$ 767,353.82
2019	1,989,025.62
2020	(62,934.74)
2021	(2,851,141.59)
2022	(1,295,658.11)
Total	<u><u>\$ (1,453,355.00)</u></u>

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three 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 three 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2017, 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:

NOTES TO FINANCIAL STATEMENTS
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	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
District's proportionate share of the net pension liability	\$ 7,219,352	\$ 5,595,320	\$ 4,261,392

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, 2017 State special funding situation net pension liability amount of \$1,729,193,507.00 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, 2017 State special funding situation pension expense of \$211,519,420.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. 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 0.0413498801% for 2018. The net pension liability amount allocated to the Municipality was \$760,032.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$90,025.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

NOTE 13: POST-RETIREMENT BENEFITS

Plan Description The Borough participates New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple –employer plan in accordance with GASB Statement 75 "Accounting and Financial Reporting For Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents. The OPEB Liability associated with the SHBP is further discussed in Note 14.

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,

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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, 2018 vary according to the type of coverage selected by the retiree.

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 118 total participants including 52 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.

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 2019 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 5.0% per year, annual vision, 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

Other Post-employment Benefit Costs and Obligations

The following reflects the components of the 2018 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the April 2019 actuarial valuation and actual OPEB payments made or accrued during 2018:

	December 31, 2018
Net OPEB Obligation - Beginning of Year	\$ 7,103,522
Annual OPEB Cost	361,430
OPEB Payments	(100,042)
Increase in Net OPEB Obligation	261,388
Net OPEB Obligation - End of Year	\$ <u>7,364,910</u>
Percentage of OPEB Cost Contributed	<u>27.7%</u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2018 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	620,000	12.9%	3,550,000
12/31/2017	370,000	24.3%	3,830,000
12/31/2018	361,170	24.9%	7,364,910

NOTE 14 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based

NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

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

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

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Allocation Methodology:

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

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

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(CONTINUED)

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

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

Net OPEB Liability:

Components of Net OPEB Liability

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

	June 30, 2018	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 15,981,103,227	\$ 17,128,706
Plan Fiduciary Net Position	314,485,086	337,068
Net OPEB Liability	\$ 15,666,618,141	\$ 16,791,638
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.97%

At June 30, 2018 the Borough's proportionate share of the Collective Net OPEB Liability was \$16,791,638. The State's proportionate share for the Special Funding Situation that is associated with the Borough is \$4,592,155. The Borough's proportion of the Collective Net OPEB Liability was 0.1073902% which was an increase from the prior year of 2.23%. The State's proportionate share attributable to the Borough of the Collective Net OPEB Liability for the Special Funding Situation was 0.073902% which was an increase from the prior year of 21.00%.

Borough's Proportionate Share of Collective Net OPEB Liability	\$ 16,791,638
State's proportionate share that is associated with the Borough	4,592,155
Total	\$ 21,383,793

For the Year ended June 30, 2018 the Borough's Total OPEB Expense was \$534,790 and the State of New Jersey realized Total OPEB Expense in the amount of \$139,010 for its proportionate share of Total OPEB Expense that is associated with the Borough.

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

NOTES TO FINANCIAL STATEMENTS
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used the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

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

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

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	1% Decrease (2.87%)		Discount Rate (3.87%)		1% Increase (4.87%)
Collective					
Net OPEB Liability	\$ 18,381,085,096	\$	15,666,618,141	\$	13,498,373,388
Proportionate Share					
Net OPEB Liability	\$ 19,701,031	\$	16,791,638	\$	14,467,692

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

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

	1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective					
Net OPEB Liability	\$ 13,068,471,450	\$	15,666,618,141	\$	19,029,006,023
Proportionate Share					
Net OPEB Liability	\$ 14,006,918	\$	16,791,638	\$	20,395,479

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

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

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,180,882,321)	\$	\$ (3,409,301)
Changes of assumptions		(3,974,042,874)		(4,259,419)
Net difference between projected and actual earnings on OPEB plan investments	8,279,239		8,874	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)	464,682	(1,110,243)
Total	\$ 2,115,007,508	\$ (9,261,653,464)	\$ 473,556	\$ (8,778,963)

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

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Year ended June 30,	Collective Totals	Proportionate Share
2019	\$ (1,049,390,011)	\$ (1,219,539)
2020	(1,049,390,011)	(1,219,539)
2021	(1,049,390,011)	(1,219,539)
2022	(1,050,264,681)	(1,220,555)
2023	(1,051,678,489)	(1,222,198)
Thereafter	(1,896,532,753)	(2,204,038)
Total	<u>\$ (7,146,645,956)</u>	<u>\$ (8,305,407)</u>

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

Collective OPEB Expenses reported by the State of New Jersey

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

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

Schedule of Borough's Share of Net OPEB Liability

	<u>2018</u>
Borough's Proportionate Share of Net OPEB Liability	0.107181%
Borough's Share of Net OPEB Liability	\$ 16,791,638
Borough's Covered Payroll	2,702,742
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	621.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 15: 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, 2018 is \$256,430. The total liability of accrued sick leave and vacation for all eligible employees at December 31, 2018 is estimated to be \$389,381.

NOTE 16: 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 17: RISK MANAGEMENT

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

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2018 and 2017 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.

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
2018	\$ 38,000		541	31,198	42,807
2017	36,000	-	-	29,655	35,463
2016	34,000	-	-	29,132	29,118

NOTE 18: 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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 19: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings are difficult to quantify, but an adverse outcome could have a material effect on the accompanying financial statements.

NOTE 20: INTERFUND BALANCES

As of December 31, 2018, 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	\$	127,056.22
Grant Fund:		
Current Fund	127,056.22	
	\$ 127,056.22	127,056.22

NOTE 21: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 24, 2019, 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 groups as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated July 24, 2019, 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

July 24, 2019

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2017	\$	15,124,100.47
Increased by Receipts:		
Prepaid Taxes		907,436.11
Sewer Overpayments		16,849.19
Taxes Receivable		27,130,422.10
Revenue Accounts Receivable - Collector		3,587,633.27
Prepaid Sewer Rents		13,778.49
Revenue Accounts Receivable - Treasurer		2,142,538.33
Miscellaneous Revenue Not Anticipated		542,171.54
State of New Jersey:		
Senior Citizen and Veterans Deductions		45,981.50
Prepaid TDC Fees		2,500.00
Prepaid Licenses		76,750.00
Reserve - Beach Operations Off-Set		295,872.96
Due from Trusts - Other		14,347.90
Due to GWTIDA		295,470.00
Salary and Wages Payable		50,000.00
Payroll Deductions		1,968.06
Federal and State Unappropriated Reserves		36,186.93
Federal and State Receivables		322,311.28
Due to Grant Fund - Cancelled Grants		31,923.72
Due to Current Fund - From Grant Fund		136,474.32
Tax Overpayments		21,514.87
Prior Year Refund		350.00
Insurance Proceeds		127,612.16
		35,800,092.73
		50,924,193.20
Decreased by Disbursements:		
Current Year Appropriation		20,249,727.23
Prior Year Appropriations		673,313.75
Accounts Payable		913.75
County Taxes		5,874,963.63
Local District School Taxes		7,479,918.25
Due to GWTIDA		295,470.00
Tax Overpayments		10,595.82
Insurance Proceeds		54,769.11
Refund of Prior Year's Revenue		2,931.00
Due to Current Fund - From Grant Fund		136,474.32
Due to Grant Fund - Cancelled Grants		31,923.72
Due to Capital Fund - Grant Fund		15,200.00
Federal and State Disbursements		258,471.61
		35,084,672.19
Balance December 31, 2018	\$	15,839,521.01
Current Fund		15,683,436.94
Grant Fund		156,084.07
		15,839,521.01

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, 2017	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Cancelled	Balance Dec. 31, 2018
				2017	2018				
Arrears \$									
2017	447,156.56	-	-	-	426,933.04	(2,500.00)	-	22,723.52	0.00
	447,156.56	-	-	-	426,933.04	(2,500.00)	-	22,723.52	0.00
2018	-	28,821,337.41	64,957.48	1,575,404.79	26,753,137.00		5,326.37	42,162.25	510,264.48
	447,156.56	28,821,337.41	64,957.48	1,575,404.79	27,180,070.04	(2,500.00)	5,326.37	64,885.77	510,264.48

Cash Receipts
Senior Citizens and Veterans
27,130,422.10
49,647.94
27,180,070.04

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax
Added Taxes (54:4-63.1 et. Seq.)

28,821,337.41
64,957.48

28,886,294.89

Tax Levy:

General County Taxes
County Library Taxes
County Open Space Taxes
County Added and Omitted Taxes
Total County Taxes

4,917,794.82
724,590.33
219,440.80
13,268.69
5,875,094.64

Local School District Tax

7,541,532.00

Local Tax for Municipal Purposes

Add: Additional Tax Levied

15,469,668.25

28,886,294.89

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

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2017		\$	11,640.50
Increased by:			
Transfers from Taxes Receivable	5,326.37		
Interest and Costs Accrued by Sale of October 17, 2018	24.00		
			5,350.37
			16,990.87
Decreased by:			
Collections	16,990.87		
			16,990.87
Balance December 31, 2018		\$	-

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Collected by		Balance Dec. 31, 2018
			Collector	Treasurer	
Borough Clerk:					
Licenses - Other	-	158,150.00		158,150.00	
Fees and Permits	-	169,108.00		169,108.00	
Recreation Income - Pool	-	89,355.00		89,355.00	
TV Cable Franchise Fee	-	52,773.25		52,773.25	
Municipal Court:					
Fines and Costs	2,947.03	75,782.50		75,475.03	3,254.50
Parking Meters	-	296,916.50		296,916.50	
Interest and Costs on Taxes	-	101,390.14	101,390.14		
Interest Earned on Investments and Deposits	-	300,162.67		300,162.67	
Municipal Pier and Concession Income	-	194,305.00		194,305.00	
Interest and Costs on Delinquent Sewer Rents	-	19,095.38	19,095.38		
Sewer Rents	194,202.81	3,526,726.16	3,467,147.75		253,781.22
Ambulance Fees	-	203,275.45		203,275.45	
Fees and Permits - Craft Show	-	4,125.00		4,125.00	
Uniform Fire Safety Act	-	153,128.76		153,128.76	
Energy Receipts Tax	-	381,045.00		381,045.00	
Anticipated General Capital Fund Balance	-	-			
GWTD Municipal Event Support	-	34,867.62		34,867.62	
Interlocal - Court Administrator	-	74,278.05		74,278.05	
Beach Operation Offset - Reserved	-	295,216.28		295,216.28	
	<u>197,149.84</u>	<u>6,129,700.76</u>	<u>3,587,633.27</u>	<u>2,482,181.61</u>	<u>257,035.72</u>
\$	A	Res.			A
Prepaid Licenses Applied			A	350.00	
Prepaid TDC Fees Applied			A	700.00	
Reserve for Beach Operations Off-Set			A	295,216.28	
Sewer Prepayments Applied			A	23,810.84	
Sewer Overpayments Applied			A	19,566.16	
Collected			A-4	2,142,538.33	
				<u>2,482,181.61</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, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
SALARIES & WAGES:				
Department of Public Affairs and Public Safety:				
Directors Office	\$ 3,427.38	3,427.38		3,427.38
Fire	0.12	0.12		0.12
Police	149,234.88	149,234.88		149,234.88
Local Code Enforcement	7,845.00	7,845.00		7,845.00
Services of Ambulance	91,967.62	91,967.62		91,967.62
Environmental Commission (N.J.S. 40:56A-1)	2,000.04	2,000.04		2,000.04
Lifeguards	45.03	45.03		45.03
Land Use Administration	3,269.26	3,269.26		3,269.26
Traffic Maintenance	3,776.69	3,776.69		3,776.69
Fire Official	10,096.88	10,096.88		10,096.88
Municipal Court	2,238.83	2,238.83		2,238.83
Department of Revenue and Finance:				
Director's Office	549.96	549.96		549.96
Borough Administration	46,634.99	46,634.99		46,634.99
Financial Administration	58,123.26	58,123.26		58,123.26
Assessment of Taxes	22,339.32	22,339.32		22,339.32
Collection of Taxes	13,335.86	13,335.86		13,335.86
Health Benefit Waiver	4,893.26	4,893.26		4,893.26
Department of Public Works, Parks and Public Property:				
Public Works	4,118.67	4,118.67		4,118.67
Beach Cleaning	312.04	312.04		312.04
Sanitation	5,856.62	5,856.62		5,856.62
Parks and Buildings	9,333.90	9,333.90		9,333.90
Sewage	1,734.18	1,734.18		1,734.18
Fleet Maintenance	3,697.02	3,697.02		3,697.02
Tourism	430.50	430.50		430.50
Recreation Commission (N.J.S. 40:61-17)	1,242.57	1,242.57		1,242.57

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, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Uniform Construction Code - Appropriation Offset by Dedicated Revenue				
State Uniform Construction Code	1,766.14	1,766.14		1,766.14
OTHER EXPENSES:				
Department of Public Affairs and Public Safety:				
Director's Office	3,745.86	3,745.86		3,745.86
Fire	20,343.26	20,343.26	20,124.00	219.26
Police	100,393.49	100,393.49	59,473.81	40,919.68
Municipal Prosecutor		-		-
Legal	18,153.80	18,153.80	5,698.00	12,455.80
Local Code Enforcement	1,489.86	1,489.86	46.60	1,443.26
Emergency Management Services	2,500.00	2,500.00		2,500.00
Services of Ambulance	23,939.56	23,939.56	2,687.09	21,252.47
Environmental Commission (N.J.S. 40:56A-1)	2,000.00	2,000.00		2,000.00
Lifeguards	23,473.33	23,473.33	22,968.80	504.53
Land Use Administration	28,784.44	28,784.44	8,468.21	20,316.23
Traffic Maintenance	9,269.46	9,269.46	7,024.38	2,245.08
Fire Official	4,433.77	4,433.77	1,605.29	2,828.48
Animal Control	8,872.00	8,872.00		8,872.00
Municipal Court	5,401.09	5,401.09	36.20	5,364.89
Public Defender (P.L. 1997, C.256)	1,083.37	1,083.37	1,083.33	0.04
Department of Revenue and Finance:				
Director's Office	143.50	143.50		143.50
Borough Administration	20,010.09	20,010.09	5,081.46	14,928.63
Financial Administration	36,334.10	36,334.10	5,809.83	30,524.27
Assessment of Taxes	9,295.69	9,295.69	6,718.46	2,577.23
Collection of Taxes	8,437.99	8,437.99	812.70	7,625.29
Utility Billing Expenses	2,150.01	2,150.01	580.00	1,570.01
Workers Compensation	42,530.34	42,530.34		42,530.34
Group Insurance	276,295.97	276,295.97	59,176.19	217,119.78

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, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Public Works, Parks and Public Property:				
Director's Office	607.50	607.50	244.00	363.50
Engineer	68,427.47	68,427.47	61,475.00	6,952.47
Landfill	32,052.74	32,052.74	10,395.89	21,656.85
Public Works	64,107.24	64,107.24	62,175.07	1,932.17
Recreation Buildings	1,089.88	1,089.88	786.80	303.08
Beach Cleaning	70.11	70.11		70.11
Sanitation	14,860.66	14,860.66	4,097.55	10,763.11
Parks and Buildings	21,876.31	21,876.31	14,931.46	6,944.85
Sewage	1,902.87	1,902.87	581.91	1,320.96
Fleet Maintenance	36,060.56	36,060.56	16,312.34	19,748.22
Tourism	27,582.14	27,582.14	8,972.60	18,609.54
Recreation Commission (N.J.S. 40:61-17)	7,288.81	7,288.81	7,210.96	77.85
Uniform Construction Code - Appropriation Offset by Dedicated Revenue				
State Uniform Construction Code	21,809.46	21,809.46	4,010.82	17,798.64
UTILITY EXPENSES & BULK PURCHASES				
Water	55,255.65	55,255.65	27,910.35	27,345.30
Street Lighting	2,940.70	2,940.70	2,850.80	89.90
Telephone	29,960.76	29,960.76	2,555.01	27,405.75
Fire Hydrants		-		-
Natural Gas	46,880.50	46,880.50		46,880.50
Electric	105,288.98	105,288.98	10,693.77	94,595.21
Gasoline	92,182.46	92,182.46	5,720.79	86,461.67
Information Technology	12,833.32	12,833.32	4,949.00	7,884.32

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
STATUTORY EXPENDITURES				
Contributions to:				
Police and Fire Retirement System of N.J.	22,033.77	22,033.77		22,033.77
Public Employees Retirement System	6,000.00	6,000.00		6,000.00
Social Security System (O.A.S.I.)	56,588.96	56,588.96		56,588.96
Defined Contribution Retirement Plan	3,092.80	3,092.80	45.28	3,047.52
OPERATIONS - EXCLUDED FROM "CAPS"				
Cape May County MUA - Charges	248,861.00	248,861.00		248,861.00
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	11.50	11.50		11.50
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	220,000.00	220,000.00	220,000.00	-
Emergency Sewer Repairs	134,895.64	134,895.64		134,895.64
Fire Department Equipment	63.58	63.58		63.58
	<u>\$ 2,443,976.37</u>	<u>2,443,976.37</u>	<u>673,313.75</u>	<u>1,770,662.62</u>
		Cash Disbursed	<u>673,313.75</u>	

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

Balance December 31, 2017			
School Tax Payable	\$	1,906,037.17	
School Tax Deferred		<u>1,150,000.00</u>	3,056,037.17
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>7,541,532.00</u>
			10,597,569.17
Decreased by:			
Payments			<u>7,479,918.25</u>
Balance December 31, 2018			
School Tax Payable		1,967,650.92	
School Tax Deferred		<u>1,150,000.00</u>	<u>3,117,650.92</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			7,479,918.25
Tax Payable Ending			<u>1,967,650.92</u>
			9,447,569.17
Less: Tax Payable Beginning			<u>1,906,037.17</u>
Amount Charged to Current Year Operations	\$		<u><u>7,541,532.00</u></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>	<u>Balance Dec. 31, 2017</u>	<u>Transferred From 2018 Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2018</u>
FEDERAL GRANTS:					
Federal Domestic Violence Grant					
2011 Grant (ARRA)	29,708.74			29,708.74	-
FEMA-Sunset Lake	1,244,671.20				1,244,671.20
Bulletproof Vest Partnership					
2014 Grant	478.80		478.80		-
2017 Grant	2,655.00		1,291.20		1,363.80
2018 Grant		1,437.55			1,437.55
CDBG Street Intersections ADA	41,676.46				41,676.46
2017 CY CDBG Grant-Beach Access	270,000.00				270,000.00
Small Cities - Heather, Lavender, Lake	377.00				377.00
USDA Forrestry Grant		3,000.00			3,000.00
Total Federal	1,589,567.20	4,437.55	1,770.00	29,708.74	1,562,526.01
STATE GRANTS:					
Cooperative Housing Inspections					
2017 Grant	7,323.00		7,323.00		-
2018 Grant	-	13,000.00	4,592.53		8,407.47
New Jersey Transportation Trust Fund:					
2008 - Seaview Avenue	35,000.00			35,000.00	-
2016 - Pacific Ave	180,501.00		180,501.00		-
2018- Newark Ave- Phase II	-	185,000.00	93,624.75		91,375.25
Generator Grant	-				-
Recycling Tonnage					
Total State	222,824.00	198,000.00	286,041.28	35,000.00	99,782.72
LOCAL GRANTS:					
GWTIDA Summer Events					
2017	7,500.00		7,500.00		-
2018		29,000.00	24,000.00		5,000.00
Get Active Grant 2018		3,000.00	3,000.00		-
Total Local	7,500.00	32,000.00	34,500.00	-	5,000.00
\$	1,819,891.20	234,437.55	322,311.28	64,708.74	1,667,308.73

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, 2017		2018 Appropriations	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Federal Domestic Violence Grant 2011 (ARRA)	\$ 30,777.80					(30,777.80)	-
Police Body Armor Grant							
2012	1,362.82			1,362.82			-
2014	-	885.00		885.00			-
2016	739.92			739.92			-
2017	266.47			266.47			-
2018			2,187.25	1,705.53			481.72
2017 CY CDBG Grant-Beach Access	270,000.00						270,000.00
FEMA-Sunset Lake	1,244,671.20				1,179,848.25		64,822.95
CDBG Street ADA	25,191.99						25,191.99
Bulletproof Vest Partnership							
2018	2,655.00		1,437.55	98.42			1,339.13
2017	326.64			2,655.00			-
2014				326.64			-
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
USDA Forestry Grant			6,000.00	3,813.80	1,186.20		1,000.00
Total Federal	1,594,601.43	885.00	9,624.80	11,853.60	1,181,034.45	(30,777.80)	381,445.38
STATE GRANTS:							
Clean Communities Grant:							
2018			24,532.11	9,535.75			14,996.36
2017	8,872.08			8,872.08			-
2016	0.87			0.87			-
Drunk Driving Enforcement Fund: Cooperative Housing Inspections:							
2018	21,376.06			3,833.16			18,142.90
2017	21,000.00		13,000.00				13,000.00
2016	28,037.27			6,999.98			21,037.29
Recycling Tonnage Grant							
2012	3.00						3.00
2016	657.25			657.25			-
2017	2,492.14	500		2,584.34			407.80
2018			12,984.72	11,222.63	559.85		1,202.24
Alcohol Education & Rehabilitation	3,712.24						3,712.24

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, 2017	2018	Encumbrances	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2018
	Appropriated	Appropriations	Reserve for Encumbrances				
N.J. Transportation Trust Fund Heather Road Pacific Ave 2016 - Pacific Ave 2018- Newark & Trenton	116.84 - 180,501.00	185,000.00	-	170,827.22	180,501.00 14,172.78	-	116.84 - -
UEZ Administrative Funding - 2011	7,262.29						(0.00)
UEZ assistance Fund - 2011	50,256.95						7,262.29
Generator Grant	-						50,256.95
Total State	324,887.99	235,516.83	500.00	214,533.28	195,233.63	-	151,137.91
LOCAL GRANTS:							
GWTIDA - Summer Events							
2015	100.00					(100.00)	-
2016	1,279.08					(1,279.08)	-
2017	628.14	29,000.00	200.00	200.00		(628.14)	-
2018				28,701.25			298.75
Comcast Technology Grant - 2011	108.55						108.55
Municipal Joint Venture Program 2008	3,662.90	1,524.00		1,524.00			3,662.90
Get Active Grant		3,000.00		1,659.48			1,340.52
Total Local	5,778.67	33,524.00	200.00	32,084.73	-	(2,007.22)	5,410.72
\$	1,925,268.05	278,665.63	1,565.00	258,471.61	1,376,268.08	(32,785.02)	537,994.01

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

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

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred To 2018 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2018</u>
STATE GRANTS:				
Police Body Armor Grant - 2017	2,187.25	2,187.25		-
Clean Communities Grant - 2017	24,532.11	24,532.11		-
Clean Communities Grant - 2018	-		23,477.67	23,477.67
State Housing Grant- 2018			12,709.26	12,709.26
Recycling Tonnage Grant	12,984.72	12,984.72		-
Total State	<u>39,704.08</u>	<u>39,704.08</u>	<u>36,186.93</u>	<u>36,186.93</u>
Grand Total	<u>\$ 39,704.08</u>	<u>39,704.08</u>	<u>36,186.93</u>	<u>36,186.93</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

		Animal Control	Other
Balance December 31, 2017	\$	2,247.00	1,244,075.75
Increased By:			
State Dog License Fees		108.60	
Municipal Dog License Fees		1,035.00	
Other Reserves			899,131.12
		1,143.60	899,131.12
		3,390.60	2,143,206.87

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**TRUST FUND
SCHEDULE OF CASH - TREASURER**

		Animal Control	Other
Decreased By:			
Paid to State of NJ		108.60	
Dog Fund Expenditures		705.00	
Prior Year Encumbrances			19,654.93
Current Fund		264.00	14,347.90
Other Reserves			829,856.65
		1,077.60	863,859.48
Balance December 31, 2018	\$	2,313.00	1,279,347.39

Analysis of December 31, 2018 Balance

Trust - Escrow	922,407.34
Unemployment Trust	42,188.31
Recreation Commission	41,637.28
Police Forfeiture	5,150.00
Uniform Construction Code	128,953.35
TTL Redemption/Premium Account	139,011.11
	1,279,347.39

See Accompanying Auditor's Report

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

Balance December 31, 2017	\$		2,247.00
Increased by:			
Dog License Fees Collected		1,035.00	1,035.00
			3,282.00
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:		705.00	
Statutory Excess		264.00	969.00
Balance December 31, 2018	\$		2,313.00

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	1,053.00
2016	1,260.00
	2,313.00

See Accompanying Auditor's Report

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

Balance December 31, 2017	\$		-
Increased By:			
Collected in 2018			
State License Fees		108.60	
		108.60	108.60
			108.60
Decreased By:			
Payments			
		108.60	108.60
Balance December 31, 2018	\$		-

See Accompanying Auditor's Report

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reserve	Increased by		Decreased by		Balance Dec. 31, 2018
	Balance Dec. 31, 2017	Receipts	Budget Appropriation	Expended	
Accumulated Absences	\$ 242,967.34		45,000.00	31,536.96	256,430.38
Borough Beautification	12,477.02	23,185.00		7,952.43	27,709.59
Fire Penalties - Non-Dedicated	62,921.63	12,947.50		11,394.32	64,474.81
Fire Prevention	17,142.31	16,789.50		12,777.00	21,154.81
Police Forfeited Funds	5,088.54	61.46			5,150.00
Unclaimed Funds - Police	2,868.79	274.88		2,868.79	274.88
Third Party Construction Inspections	139,887.80	143,146.00		156,581.40	126,452.40
Parking Offense Adjudication Act	5,192.82	683.99		1,720.48	4,156.33
Planning and Zoning Escrow	118,805.77	10,274.00		2,929.00	126,150.77
Recreation Commission	92,661.24	199,682.66		252,434.31	39,909.59
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	110,179.43	85,902.65		85,100.79	110,981.29
Premiums Received at Tax Sale	80,600.00	82,600.00		47,500.00	115,700.00
Marriage License Fees Due to State	225.00	800.00		775.00	250.00
DCA Training Fees - Due State of NJ	3,926.00	11,695.00		13,251.00	2,370.00
Third Party Lien Redemptions	-	104,258.58		80,947.46	23,311.12
Tourism Development Commission	74,954.34	79,636.75		69,430.00	85,161.09
Unemployment Compensation Insurance	35,463.00		38,000.00	30,656.29	42,806.71
Employment of Borough Employee	21,925.01	4,193.15		24,750.14	1,368.02
Retiree Life Insurance	140,000.00	40,000.00			180,000.00
	<u>\$ 1,210,072.92</u>	<u>816,131.12</u>	<u>83,000.00</u>	<u>832,605.37</u>	<u>1,276,598.67</u>
		Encumbered		2,748.72	
		Cash Disbursed		829,856.65	
				<u>832,605.37</u>	

See Accompanying Auditor's Report

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

	<u>Ref.</u>	
Balance December 31, 2017		\$ 6,202,958.23
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	1,070,000.00	
Deferred Charges - Unfunded	43,990.00	
Bond Anticipation Notes	3,000,000.00	
Due from Grant Fund	15,200.00	
	4,129,190.00	10,332,148.23
Decreased by:		
Improvement Authorizations	931,180.19	
Bond Anticipation Notes	3,736,990.00	
	4,668,170.19	4,668,170.19
Balance December 31, 2018		\$ <u><u>5,663,978.04</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Balance Dec. 31, 2018
		Miscellaneous	Improvement Authorizations	Transfers From	To	
Fund Balance	\$ 102,534.97					
Capital Improvement Fund	1,989,028.09	1,070,000.00		1,327,500.00	340,873.87	443,408.84
Due from Grant Fund	(15,200.00)	15,200.00			52,743.93	1,784,272.02
Downpayment on Improvements Reserve for Encumbrances	158,000.00 105,822.74			105,822.74	1,562,531.09	158,000.00 1,562,531.09
<u>Improvement Authorizations:</u>						
1061 Various Improvements						
C. Sanitary Sewer Mains	228,434.00			228,434.00		-
1066 Storm Sewer Replacement	10,000.00			10,000.00		-
1092 Various Improvements:						
B. Improve Public Buildings	110.01			110.01		-
C. Purchase Land	3,580.00			3,580.00		-
D. Improvement to Various Streets	98,749.86			98,749.86		-
1095 Purchase of Equipment, Reconfiguration Amended of Parking Area and Improve Public by 1102 Buildings	52,743.93					
1110 Purchase Public Safety Equipment	39,237.52			52,743.93		-
1112 Various Improvements:						
A. Purchase Trash Packer	14,969.99					39,237.52
C. Improvements to Storm Sewer System - New Jersey and Bayview Drive	142,555.01					14,969.99
D. Improvements to Storm Sewer System - Cresse Avenue	1,157.68					142,555.01
1128 Improvements to Crest Pier Recreation Center	23,224.17			10,975.48	10,975.48	1,157.68
1130 Various Improvements:						
B. Purchase Backhoe	13,794.24					23,224.17
D. Replace Storm Sewer Pipes	60,769.22					13,794.24
E. Replace Sanitary Sewer Pipes	97,606.01					60,769.22
1140 Acquire Public Works Equip.	787.52					97,606.01
1143 Various Improvements:						
A. Acquisition of Playground Equip.	7,902.89		2,500.00			787.52
B. Improvements to DPW Building	59,734.03					5,402.89
C. Improvements to Nesbitt Center	2,419.48					59,734.03
1145 Public Works Vehicular Equip. and Public Benches	511.86					2,419.48

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers	Balance Dec. 31, 2018
		Miscellaneous	Improvement Authorizations	Improvement	Miscellaneous		
1147 Various Improvements:							
A. Acquisition of Real Property	\$ 1,872.35						1,872.35
B. Police Communications Equip.	3,050.45					1,500.00	4,550.45
C. Acquire Emergency Generator	97,557.98						97,557.98
1149 Improve Sanitary Sewerage System	(18,252.70)						(18,252.70)
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						15,049.40
1174 Improvements to Various Municipally- Owned Buildings	4,931.47		2,500.00				2,431.47
1179 Replacement and Widening of Beachfront Bike Path	40,359.37						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	162,561.25						22,561.25
A. Pacific Ave	9,458.85			140,000.00			8,458.85
B. Fuel Tanks					9,044.00	8,044.00	
1211 Various Improvements	2,743.00						2,743.00
A. Dump Body Truck	580.00						580.00
B. Trash Truck	8,598.00						8,598.00
C. Parking Meter Compon	42,476.53						42,476.53
E. Buttercup Road	18,617.51						18,617.51
F. Pacific Ave ADA Curbs	277,052.40						277,052.40
G. NJ Ave Pole Relocate							
1219 Various Improvements	94,112.12						94,112.12
A. Library Parking Lot	125,000.00						125,000.00
B. Buttercup Road	45,000.00					1,805.00	46,805.00
C. Pacific Ave ADA							

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous	Improvement Authorizations	Improvement Authorizations	Miscellaneous	From	To	
1234 Various Improvements								
B. Parking Cardinal Rd	\$ 35,000.00							35,000.00
C. Fingerprint Process	2,863.81					2,500.00		5,363.81
D. EMT Garage Floor/Vent	707.00							707.00
E. Public Safety Sign	2,750.30		2,750.30					-
F. Old Library Bld Arch	1,123.00		4,740.20					4,608.10
G. Heather Rd Bikeshop	20,000.00			3,065.00				20,000.00
I. Pool Bldg Doors	1,567.23							1,567.23
J. Outdoor Lighting								
1244 Various Improvements								
A. Pacific Ave Phase II	39,328.12		4,359.67					36,513.45
B. Sunset Lake	452,960.41		61,628.91	408,000.00		1,545.00		(70,806.07)
1248 Various Vehicles & Equipment								
A. Police Radio System	16,554.38							16,554.38
B. Beach Tractor & Trash Truck	23,437.43							23,437.43
1250 Various Improvements								
A. HVAC System	80,000.00		7,420.00			72,580.00		-
B. Heather Road Bike Shop	47,238.60		16,385.45					41,308.15
C. EMT Building Driveway	30,000.00							30,000.00
D. UV Pool Filter	10,000.00							10,000.00
E. Old Library Roof	3,020.00							3,020.00
F. Nesbitt Building Improvements	11,969.96		10,077.50			29,672.50		11,969.96
G. ADA Beach Access	40,375.00							625.00
1255 Road Curb Ramp Access	16,110.20							16,110.20
1261 Newark Avenue Reconstruction	1,145,000.00		446,371.15	145,000.00		432,759.89		120,868.96
1266 Various Improvements			39,667.31			660,332.69	700,000.00	-
1267 Various Improvements			290,390.00			145,606.00	440,000.00	4,004.00
1268 Newark Avenue Reconstruction			42,389.70			86,650.00	187,500.00	58,460.30
	<u>\$ 6,202,958.23</u>	<u>1,085,200.00</u>	<u>931,180.19</u>	<u>693,000.00</u>	<u>3,389,471.63</u>	<u>3,389,471.63</u>	<u>5,663,978.04</u>	

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

	<u>Ref.</u>	
Balance December 31, 2017		\$ 2,147,028.09
Increased by:		
Current Fund Budget Appropriation	1,070,000.00	
Funded Improvement Authorizations Canceled	<u>52,743.93</u>	
		<u>1,122,743.93</u>
		3,269,772.02
Decreased by:		
Appropriation to Finance Improvement Authorization	<u>1,327,500.00</u>	
		<u>1,327,500.00</u>
Balance December 31, 2018		\$ <u><u>1,942,272.02</u></u>
Capital Improvement Fund		1,784,272.02
Down Payment on Improvements		<u>158,000.00</u>
		<u><u>1,942,272.02</u></u>

See Accompanying Auditor's Report

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

	<u>Ref.</u>	
Balance December 31, 2017		\$ 25,833,837.55
Increased by:		
None		-
		<hr style="width: 100%;"/>
		25,833,837.55
Decreased by:		
Serial Bonds Paid by Operating Budget	1,820,000.00	
NJEIT Loans Paid by Operating Budget	705,729.17	
USRDA Loans Paid by Operating Budget	23,522.09	
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		2,549,251.26
Balance December 31, 2018		\$ <u><u>23,284,586.29</u></u>

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2017		Authorizations Other Funding	Cancelled/ Adjustment	Paid/Charged	Balance December 31, 2018	
				Funded	Unfunded				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: B. Improve Public Buildings C. Purchase Land D. Improvement to Various Streets	2/10/2010	1,660,000 200,000 400,000	110.01 3,580.00 98,749.86	-	(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	-	-	2,500.00	5,402.89 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	-	(1,500.00)	-	1,872.35 4,550.45 97,557.98	-	-

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2017		Authorizations Other Funding	Cancelled/Adjustment	Paid/Charged	Balance December 31, 2018	
				Funded	Unfunded				Funded	Unfunded
1149	Improve Sanitary Sewerage System	11/26/2012	13,000,000 \$		463,835.30					463,835.30
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	4,931.47			2,500.00		2,431.47	
1179	Replacement and Widening of Beachfront Bike Path	11/25/2013	350,000	40,359.37					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		162,561.25 9,458.85			1,000.00		162,561.25 8,458.85
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	2,743.00 580.00 8,598.00 42,476.53 18,617.51 277,052.40					2,743.00 580.00 8,598.00 42,476.53 18,617.51 277,052.40	
1219	Various Improvements A. Library Parking Lot B. Buttercup Road C. Pacific Ave ADA	7/8/2015	300,000.00	94,112.12 125,000.00 45,000.00			(1,805.00)		94,112.12 125,000.00 46,805.00	
1234	Various Improvements B. Parking Cardinal Rd C. Fingerprint Process E. Public Safety Sign F. Old Library Bld Arch G. Heather Rd Bikeshop I. Pool Bldg Doors J. Outdoor Lighting	2/10/2016	277,000.00	35,000.00 2,863.81 707.00 2,750.30 1,123.00 20,000.00 1,567.23			(2,500.00)		35,000.00 5,363.81 707.00 2,750.30 1,123.00 20,000.00 1,567.23	

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2017		Authorizations Other Funding	Cancelled/ Adjustment	Paid/Charged	Balance December 31, 2018	
				Funded	Unfunded				Funded	Unfunded
1244	Various Improvements	10/15/2016								
	A. Pacific Ave Phase II		2,375,000.00 \$	39,328.12				2,814.67	36,513.45	
	B. Sunset Lake		600,000.00	452,960.41				115,766.48	337,193.93	
1248	Various Vehicles & Equipment	1/4/2017								
	A. Police Radio System		120,000.00	16,554.38					16,554.38	
	B. Beach Tractor & Trash Truck Compactor Body		160,000.00	23,437.43					23,437.43	
1250	Various Improvements	1/25/2017								
	A. HVAC System		80,000.00	80,000.00				80,000.00	-	
	B. Heather Road Bike Shop		60,000.00	47,238.60				5,930.45	41,308.15	
	C. EMT Building Driveway		30,000.00	30,000.00					30,000.00	
	D. UV Pool Filter		45,000.00	10,000.00					10,000.00	
	E. Old Library Roof		40,000.00	3,020.00					3,020.00	
	F. Nesbitt Building Improvements		75,000.00	11,969.96					11,969.96	
	G. ADA Beach Access		45,000.00	40,375.00				39,750.00	625.00	
1255	Road Curb Ramp Access	5/24/2017	50,000.00	16,110.20					16,110.20	
1261	Newark Avenue Reconstruction	12/6/2017	1,145,000.00	1,145,000.00				879,131.04	265,868.96	
1266	Capital Ordinance- Sunset Lake	2/21/2018	700,000.00		700,000.00			700,000.00	-	
1267	Various Vehicles and Equipment		440,000.00		440,000.00			435,996.00	4,004.00	
1268	Various Improvements to Facilities	2/21/2018	187,500.00		187,500.00			129,039.70	58,460.30	
			\$	2,071,716.50	2,273,143.93	1,327,500.00	(393,617.80)	2,387,888.54	1,616,422.35	1,274,431.74
				Capital Improvement Fund		1,327,500.00				
						1,327,500.00				
								931,180.19		
								1,562,531.09		
								(105,822.74)		
								2,387,888.54		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
General Improvement Bonds of 2009	11/5/2009	13,135,000	11/1/19-21	1,200,000.00	4.000%	6,435,000.00	1,000,000.00	5,435,000.00
			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	9/1/19	840,000.00	2.000%	6,220,000.00	820,000.00	5,400,000.00
			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	2.000%			
			9/1/24	950,000.00	2.125%			
\$						<u>12,655,000.00</u>	<u>1,820,000.00</u>	<u>10,835,000.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds				Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Outstanding		Interest Rate	Balance Dec. 31, 2017			
			Balance	Date					
General Improvement Loan of 2007	6/23/2006	\$ 1,500,000			4.375%	\$ 1,291,483.19	23,522.09	1,267,961.10	
			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						

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				Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Outstanding		Interest Rate	Balance Dec. 31, 2017			
			Balance	Amount					
			Balance	Amount	Rate	Dec. 31, 2017	Decreased	Balance Dec. 31, 2018	
General Improvement Loan of 2007	6/23/2006	\$ 1,500,000	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					
			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						
						\$ 1,291,483.19	23,522.09	1,267,961.10	

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, 2017	Decreased	Balance Dec. 31, 2018
			Balance December 31, 2018	Amount	Balance Dec. 31, 2017	Decreased				
			Date	Amount	Balance Dec. 31, 2017	Decreased				
NJ Environ. Infrastructure Trust Series 2010- Fund Loan	3/10/2010	\$ 3,476,677	2/1/19	58,926.72	2,121,362.36	0.000%	2,121,362.36	176,780.17	1,944,582.19	
			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							
NJ Environ. Infrastructure Trust Series 2010A- Trust Loan	3/10/2010	\$ 1,135,000	8/1/19	55,000.00	820,000.00	4.000%	820,000.00	55,000.00	765,000.00	
			8/1/20	60,000.00		5.000%				
			8/1/21	60,000.00		3.000%				
			8/1/22-23	65,000.00		4.000%				
			8/1/24-25	70,000.00		4.000%				
			8/1/26	75,000.00		3.500%				
			8/1/27-28	80,000.00		4.000%				
			8/1/29	85,000.00		4.000%				

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Notes Redeemed	Balance Dec. 31, 2018
1149	Improve Sanitary Sewer System	\$ 482,088.00			482,088.00
1198	Various Improvements	-		140,000.00	140,000.00
1244	Various Improvements			408,000.00	408,000.00
1261	Newark Avenue Reconstruction	-		145,000.00	145,000.00
		\$ 482,088.00	-	693,000.00	1,175,088.00
			#	#	

BOROUGH OF WILDWOOD CREST

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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 2018:

Rental of Beach Concession Locations
2018-2019 Sewer Repair Contract
Construction of Newark Ave from the Beach to Pacific Ave
Boiler Replacement in Borough Hall
Sunset Lake Short Stabilization Contract

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 2018 tax sale was held and was complete. There were no properties in bankruptcy as of December 31, 2018.

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>
2018	0
2017	1
2016	0

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 2018 and 2019 Taxes	5
Delinquent Taxes	10
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>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2018	\$ 28,821,337	28,328,542	98.07%
2017	28,353,904	27,864,280	98.27%
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%

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	1.258	1.233	1.194	1.176	1.150
Apportionment of Tax Rate:					
Municipal	0.671	0.661	0.651	0.641	0.627
County	0.257	0.249	0.242	0.240	0.235
Local School	0.330	0.323	0.301	0.295	0.288
Assessed Valuation	2,291,044,313	2,294,314,735	2,292,297,710	2,294,534,200	2,298,365,908

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>		<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	\$	-	510,264	510,264	1.77%
2017		11,641	447,157	458,798	1.62%
2016		-	394,624	394,624	1.44%
2015		-	430,329	430,329	1.59%
2014		-	423,700	423,700	1.60%

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.

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

July 24, 2019