

NOTICE OF SALE

\$14,800,000

CITY OF WOODBURY

County of Gloucester, New Jersey

GENERAL OBLIGATION BONDS, SERIES 2017

Consisting of:

\$10,335,000 General Improvement Bonds

\$4,465,000 Water & Sewer Utility Bonds

(Callable) (Book-Entry-Only)

ELECTRONIC PROPOSALS will be received via the BiDCOMP[®]/Parity[®] Electronic Competitive Bidding System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below, until 11:00 a.m. (Eastern), on

May 23, 2017

at which time they will be publicly announced for the purchase of the following bonds ("Bonds"), due on May 1, as follows:

<u>Year</u>	<u>General Improvement</u>	<u>Water & Sewer Utility</u>	<u>Combined</u>	<u>Year</u>	<u>General Improvement</u>	<u>Water & Sewer Utility</u>	<u>Combined</u>
2018	\$370,000	\$150,000	\$520,000	2028	\$735,000	\$220,000	\$955,000
2019	465,000	170,000	635,000	2029	735,000	230,000	965,000
2020	475,000	175,000	650,000	2030	735,000	235,000	970,000
2021	460,000	180,000	640,000	2031	735,000	245,000	980,000
2022	500,000	185,000	685,000	2032	700,000	255,000	955,000
2023	490,000	190,000	680,000	2033	735,000	260,000	995,000
2024	505,000	195,000	700,000	2034	735,000	275,000	1,010,000
2025	490,000	200,000	690,000	2035		285,000	285,000
2026	735,000	210,000	945,000	2036		295,000	295,000
2027	735,000	215,000	950,000	2037		295,000	295,000

The Bonds will be dated their date of delivery and bear interest at the rates per annum specified by the successful bidder therefor, payable semiannually on May 1 and November 1 in each year, commencing on May 1, 2018, until maturity or earlier redemption. The Bonds are subject to redemption prior to maturity on the terms and conditions set forth in the Preliminary Official Statement (hereinafter defined).

Upon initial issuance, the Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and be responsible for maintaining a book-entry system for recording the interests of its participants or the transfers of interests among its participants. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof through book entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry bondholder will receive a credit balance on the books of its nominee. For additional information, see "THE BONDS -- Book-Entry-Only System" in the preliminary official statement described below ("Preliminary Official Statement").

The City has prepared a Preliminary Official Statement in connection with the sale of the Bonds which it has deemed "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12, as amended ("Rule 15c2-12") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder. Within seven (7) business days of the sale of the Bonds, and in sufficient time to accompany any confirmation that requests payment from a customer, the City will deliver a sufficient number of copies of the final official statement ("Official Statement") to the purchaser in order for the same to comply with Paragraph (b)(4) of Rule 15c2-12.

The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. Bowman & Company's web address is **www.govdebt.net** ("Site"). In addition, broker dealers registered with the National Association of Securities Dealers ("NASD") and dealer banks with DTC clearing arrangements may either: (i) print out a copy of the Preliminary Official Statement by their own means; or (ii) at any time prior to May 23, 2017, elect to receive a printed copy of the Preliminary Official Statement in the mail by requesting the same on the Bowman & Company web site or by calling the City's Bond Counsel, Parker McCay P.A. ("Bond Counsel"), 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey 08054. Calls should be directed to Alexis B. Batten, Esquire at (856) 985-4067. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Bowman & Company web site, please visit **www.govdebt.net**. Bidders may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders must follow the applicable instructions and prompts to access the Preliminary Official Statement. All bidders must review the Preliminary Official Statement and certify that they have done so prior to participating in the bidding.

In accordance with the requirements of Rule 15c2-12, the City will, prior to the issuance of the Bonds, enter into an agreement substantially in the form set forth in Appendix "D" to the Preliminary Official Statement ("Disclosure Agreement").

BID SPECIFICATIONS

Each **ELECTRONIC PROPOSAL** for the Bonds must be submitted to PARITY in accordance with this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, including any fee charged, potential bidders may contact BiDCOMP[®]/PARITY[®], 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. The City may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. If a bid submitted electronically by PARITY is accepted by the City, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the City, and the City shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the City or information provided by the bidder.

3. The City may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m. (Eastern Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the City as described above, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting electronic bids, the time as maintained on PARITY shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor i-Deal shall have any duty or obligation to provide or assure to any bidder, and neither the City nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The City is using PARITY as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the City harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Each proposal must specify in a multiple of 1/8th or 1/20th of 1%, a single rate of interest which each maturity of the Bonds are to bear. Not more than one rate of interest may be named for Bonds of the same maturity. No rate of interest named for any maturity may be less than the rate of interest named for a prior maturity, and the difference between the highest and the lowest rates of interest named in the proposal shall not exceed three percent (3%). No proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest net interest cost to the City under any legally acceptable proposal.

The Bonds will be sold to the bidder who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Bonds. The net interest cost shall be computed in each instance by adding to the total amount of Bonds bid for, the total interest cost to maturity in accordance with such bid. **Proposals may not include any premium.** If two (2) or more bidders specify the same lowest net interest cost, then to one of such bidders selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The City reserves the right to reject all bids and any bid not complying with the terms of this Notice of Sale.

Each bidder is required to make a good faith deposit, in the amount of **\$296,000** ("Deposit"), in the form of a cash wire or a certified, cashier's or treasurer's check payable to the order of the "City of Woodbury". If a cash wire is used, the wire must be received by the City prior to **11:00 A.M.** (Eastern Time), on **TUESDAY, MAY 23, 2017**. Bidders submitting cash wires must (i) notify the City of their intent to use such cash wire prior to **10:00 A.M.** (Eastern Time), on **TUESDAY, MAY 23, 2017** (ii) provide proof of electronic transfer of such cash wire prior to **11:00 A.M.** (Eastern Time), on **TUESDAY, MAY 23, 2017**; and (iii) also enclose return wiring instructions for use by the City. Wiring instructions may be obtained by contacting the City's Bond Counsel, Parker McCay, P.A., Attention: Alexis B. Batten, Esquire, Telephone: (856) 985-4067 or

Email: abatten@parkermccay.com. Wire instructions may also be obtained by contacting the City's Financial Advisor, Acacia Financial Group, Inc., Marlton, New Jersey. Calls may be directed to Brittany M. Whelan at (856) 234-2266. If a check is used, the check must be a certified or cashier's or treasurer's check drawn upon a bank or trust company and must be delivered to the City, c/o Robert Law, Chief Financial Officer, City of Woodbury, 33 Delaware Street, Woodbury, New Jersey 08096 by no later than **11:00 A.M.** (Eastern Time), on **TUESDAY, MAY 23, 2017**. Bidders submitting good faith checks should also enclose a return envelope for use by the City. Each bidder accepts responsibility for delivering such cash wire or check on time and the City is not responsible for any cash wire or check that is not received on time. When the successful bidder has been ascertained, all such Deposits shall be returned by the City to the persons making the same within a reasonable period of time, except the cash wire or check of the successful bidder which shall be applied as partial payment for the Bonds or to secure the City from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. Award of the Bonds to the successful bidder or rejection of all bids is expected to be made promptly after receipt of the bids. The successful bidder may not withdraw its proposal until after **5:30 P.M.** (Eastern Time), on the bid date and then only if such award has not been made prior to the withdrawal.

AT THE TIME OF DELIVERY OF THE BONDS, PAYMENT FOR THE BONDS SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

The successful bidder may refuse to accept the Bonds, if prior to their delivery, any income tax law of the United States of America shall provide that the interest thereon is taxable, or shall be taxable at a future date, for federal income tax purposes and, in such case, the deposit made by such bidder will be returned and the successful bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

RATING

The City has applied for a rating on the Bonds from S&P Global Ratings, acting through Standard & Poor's Financial Services LLC. The City expects to have the rating prior to the sale of the Bonds. Notice of the rating on the Bonds will be communicated via MUNIFACTS.

OPTIONAL PURCHASE OF MUNICIPAL BOND INSURANCE

Information concerning the City has been furnished to certain companies for the purpose of qualifying the Bonds for municipal bond insurance. Any purchase of said insurance will be at the sole option and expense of the bidder and increased costs of issuance including, without limitation, any additional rating agency fees, resulting by reason of such insurance will be paid by such bidder. Notice of qualification of the Bonds for municipal bond insurance will be communicated via MUNIFACTS. If the Bonds qualify for municipal bond insurance, each bidder shall be required to specify whether municipal bond insurance will be purchased.

POSTPONEMENT

The City reserves the right to postpone, from time to time, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED ON THOMSON MUNICIPAL NEWSWIRE, BEFORE 11:00 A.M. ON THE DAY BEFORE THE SALE.** If any date fixed for receipt of bids and the sale of the Bonds is postponed, an alternative sale date will be announced via Thomson Municipal Newswire at least forty-eight hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on Thomson Municipal Newswire at the time the sale date and time are announced.

DELIVERY OF THE BONDS

It is anticipated that delivery of the Bonds will occur on or about Wednesday, June 7, 2017.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or a refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the purchaser.

Simultaneously with the delivery of the Bonds, the purchaser shall furnish to the City a certificate, in form acceptable to Bond Counsel, stating that: (i) it purchased the Bonds as an investment for its own account and not with a view toward distribution or resale in the capacity of a bond house, broker, or intermediary; or (ii) pursuant to a bona fide public offering of all of the Bonds, it sold a substantial amount (ten percent (10%), or more, in par amount) of each maturity of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below the initial public offering prices set forth in such certificate. The purchaser shall also furnish a certificate, in form acceptable to Bond Counsel, setting forth the yield on the Bonds and issue price thereof, calculated in accordance with the requirements of the Internal Revenue Code of 1986, as amended.

The obligation of the purchaser to purchase and pay for the Bonds is conditioned on the delivery, at the time of settlement of the Bonds, of the following: (i) approving legal opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, a form of which can be found in Appendix "C" to the Preliminary Official Statement; (ii) the delivery of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, including a statement of the City, dated as of the date of such delivery, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened relating to the issuance, sale and delivery of the Bonds; and (iii) an executed copy of the Disclosure Agreement.

COMPLIANCE WITH P.L. 2005, c.271, s.3

The purchaser is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A.* 19:44A-20.13 (P.L. 2005, c.271, s.3) if the purchaser enters into agreements or contracts, such as its agreement to purchase the Bonds, with a public entity, such as the City and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the City, in a calendar year. It is the purchaser's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

ROBERT LAW, Chief Financial Officer

Dated: May 16, 2017

SUPPLEMENT
Dated May 22, 2017
TO
PRELIMINARY OFFICIAL STATEMENT
Dated May 16, 2017

IN CONNECTION WITH

\$14,800,000
CITY OF WOODBURY
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$10,335,000 General Improvement Bonds
\$4,465,000 Water & Sewer Utility Bonds
(Callable) (Book-Entry-Only)

The information set forth below shall hereby amend and restate in its entirety the language set forth in the second full paragraph under the heading "CONTINUING DISCLOSURE" in the Preliminary Official Statement, dated May 16, 2017 (the "Preliminary Official Statement"), pertaining to the above-captioned bonds (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Preliminary Official Statement.

"In the past five (5) years the City failed to fully satisfy requirements set forth in certain of its previously executed continuing disclosure agreements in connection with changes in the enhanced ratings of certain bond issues for which municipal bond insurance had been utilized and was untimely in filing its underlying rating upgrade in connection with a recalibration of ratings by Moody's Investors Service on April 23, 2010. In addition, the City failed to timely file certain operating data and audited financial statements for the years ended December 31, 2011 through and including 2015 as required under its applicable continuing disclosure agreements. Such financial information has subsequently been filed and a failure to file notice was filed May 22, 2017."

CITY OF WOODBURY CITY, NEW JERSEY

This is a Preliminary Official Statement "deemed final" within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The City will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 16, 2017

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

\$14,800,000
CITY OF WOODBURY
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$10,335,000 General Improvement Bonds
\$4,465,000 Water and Sewer Utility Bonds
(Callable)

Dated: Date of Delivery

Due: May 1, as shown below

The City of Woodbury, County of Gloucester, New Jersey ("City") is offering \$14,800,000 aggregate principal amount of its General Obligation Bonds, Series 2017 ("Bonds"), which shall be issued in fully registered book-entry-only form without coupons in minimum denominations of \$5,000 or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds. The Bonds consist of: (i) \$10,335,000 aggregate principal amount of General Improvement Bonds; and (ii) \$4,465,000 aggregate principal amount of Water and Sewer Utility Bonds.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the City or the City's hereafter designated, bond registrar and paying agent ("Paying Agent"). Interest on the Bonds is payable semi-annually on November 1 and May 1 ("Interest Payment Dates"), commencing May 1, 2018, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as set forth herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances 2181-13; 2194-13; 2203-14; 2125-10; 2146-11, as amended by 2169-12; 2163-12, as amended by 2188-13; 2228-15; 2233-15; 2249-16; 2101-09; 2130-11; 2164-12, as amended by 2172-12; 2182-13; 2204-14; 1917-01; 2222-14; 2229-15 and 2248-16, each duly and finally adopted by the City Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by City Council on May 9, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on May __, 2017.

The Bonds are being issued by the City to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and equipment by the repayment, at maturity, of a portion of the principal of certain bond anticipation notes heretofore issued by the City; (ii) permanently finance the costs of various capital improvements and equipment for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the City payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the City without limitation as to rate or amount.

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

Year	General			Water & Sewer			Interest		Year	General			Water & Sewer			Interest	
	Improvement	Utility	Combined	Rate	Yield	Year	Improvement	Utility		Combined	Rate	Yield					
2018	\$370,000	\$150,000	\$520,000	%	%	2028	\$735,000	\$220,000	\$955,000	%	%						
2019	465,000	170,000	635,000			2029	735,000	230,000	965,000								
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2024	505,000	195,000	700,000			2034	735,000	275,000	1,010,000								
2025	490,000	200,000	690,000			2035	0	285,000	285,000								
2026	735,000	210,000	945,000			2036	0	295,000	295,000								
2027	735,000	215,000	950,000			2037	0	295,000	295,000								

This cover contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its Solicitor, James Pierson, Esquire of the law firm Angelini, Viniar & Freedman, L.L.P., Woodbury, New Jersey. Acacia Financial Group, Inc., Marlton, New Jersey, has acted as Financial Advisor to the City in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about June 7, 2017.

**THE CITY OF WOODBURY
COUNTY OF GLOUCESTER, NEW JERSEY**

Elected Officials

Jessica M. Floyd	Mayor
Tracey L. Parker	Council President
Daniel Reddin	First Ward
Danielle Carter	First Ward
Theodore Johnson, Jr.	Second Ward
William H. Fleming	Second Ward
Karlene O'Connor	Second Ward
Heather S. Tierney	Third Ward
Ken McIlvaine	Third Ward
David Swanson	Third Ward

**Chief Financial Officer/Acting Administrator
Robert Law**

**Municipal Clerk
Roy A. Duffield**

**Tax & Utility Collector
Lorraine Reeves**

**Solicitor
Angelini, Viniar & Freedman, L.L.P.
Woodbury, New Jersey**

**Auditor
Bowman & Company LLP
Woodbury and Voorhees, New Jersey**

**Bond Counsel
Parker McCay P.A.
Mount Laurel, New Jersey**

**Financial Advisor
Acacia Financial Group, Inc.
Marlton, New Jersey**

The information which is set forth herein has been provided by the City of Woodbury, County of Gloucester, New Jersey ("City"), The Depository Trust Company ("DTC") and by other sources which are believed to be reliable by the City, but the information provided by such sources is not guaranteed as to accuracy or completeness by the City. Certain general and financial information concerning the City is contained in Appendix "A" to this Official Statement. Such information has been furnished by the City.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City. The information contained herein has been provided by the City and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter or, as to information from sources other than itself, by the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT

\$14,800,000
CITY OF WOODBURY
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$10,335,000 General Improvement Bonds
\$4,465,000 Water and Sewer Utility Bonds
(Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices attached hereto, is to provide certain information relating to the issuance by the City of Woodbury, County of Gloucester, New Jersey ("City") of its \$14,800,000 aggregate principal amount of General Obligation Bonds, Series 2017 ("Bonds"). The Bonds consist of: (i) \$10,335,000 aggregate principal amount of General Improvement Bonds; and (ii) \$4,465,000 aggregate principal amount of Water and Sewer Utility Bonds.

AUTHORIZATION FOR THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey ("State"), as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2181-13; 2194-13; 2203-14; 2125-10; 2146-11, as amended by 2169-12; 2163-12, as amended by 2188-13; 2228-15; 2233-15; 2249-16; 2101-09; 2130-11; 2164-12, as amended by 2172-12; 2182-13; 2204-14; 1917-01; 2222-14; 2229-15 and 2248-16 (collectively, the "Bond Ordinances"), each duly and finally adopted by the City Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the City Council on May 9, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on May __, 2017.

PURPOSE OF THE ISSUE

The Bonds are being issued by the City to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and equipment by the repayment, at maturity, of a portion of the principal of certain bond anticipation notes heretofore issued by the City; (ii) permanently finance the costs of various capital improvements and equipment for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

General Improvement Bonds

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Obligations Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
2181-13	Various Capital Improvements	\$446,500	\$346,500	\$346,500
2194-13	Acquisition of Certain Real Property and Rehabilitation thereof and Acquisition of a Transit Bus	522,500	522,500	475,000
2203-14	Various Capital Improvements	3,800,000	3,800,000	3,800,000
2125-10	Additional Funding for Certain Capital Improvements	95,000	94,000	94,000
2146-11; 2169-12	Acquisition of Various Capital Equipment and Completion of Various Roadway Improvements	346,750	316,000	190,000
2163-12; 2188-13	General Improvements	2,123,250	1,898,000	1,898,000
2228-15	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	1,127,500	1,127,500	1,101,000
2233-15	Completion of Various Improvements and Renovations to Municipal Buildings and Property	380,000	380,000	380,000
2249-16	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	1,650,500	1,650,500	1,650,500
2101-09	Acquisition of Various Parcels of Real Property in Connection with Phase I of Redevelopment Project	<u>2,375,000</u>	<u>0</u>	<u>400,000</u>
TOTAL		<u>\$12,867,000</u>	<u>\$10,135,000</u>	<u>\$10,335,000</u>

Water and Sewer Utility Bonds

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Obligations Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
2130-11	Construction and Installation of a New Water Main System	\$3,587,500	\$360,000	\$250,000
2164-12; 2172-12	Various Water and Sewer Improvements	600,000	50,000	50,000
2182-13	Rehabilitation/Reline Sewer Mains	500,000	500,000	500,000
2204-14	Acquisition of Water and Sewer Utility Capital Equipment	200,000	200,000	200,000
1917-01	Reconstruction of Reservoir	2,520,000	565,000	565,000
2222-14	Acquisition of Water and Sewer Utility Capital Equipment	90,000	90,000	0
2229-15	Various Water and Sewer Improvements	500,000	500,000	500,000
2248-16	Various Water and Sewer Improvements	<u>2,400,000</u>	<u>400,000</u>	<u>2,400,000</u>
TOTAL		<u>\$10,397,500</u>	<u>\$2,665,000</u>	<u>\$4,465,000</u>

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$14,800,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the front cover hereof. Interest on the Bonds is payable semi-annually on November 1 and May 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 1, 2018, in each year until maturity or earlier redemption. Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below. The Bonds will mature on May 1 in the years and in the principal amounts, all as shown on the front cover page of this Official Statement. The Bonds are subject to redemption prior to their stated maturity dates as described herein.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the City or the

hereafter designated registrar and paying agent ("Paying Agent"). Interest on the Bonds shall be payable on each Interest Payment Date to the registered owner of record thereof appearing on the registration books kept by the City for such purpose at the offices of the City or the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the City or the Paying Agent.

Redemption Provisions

The Bonds maturing prior to May 1, 2028 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after May 1, 2028 are subject to redemption prior to their stated maturity dates at the option of the City, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the City shall determine and within any such maturity by lot) on any date on or after May 1, 2027 at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last known address, if any, appearing on the registration books of the City. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any Participant or any failure of a Participant to notify any Beneficial Owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System ¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations as to the completeness or accuracy of such information.

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will

¹ Source: The Depository Trust Company

not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Paying Agent, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or its Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its Paying Agent, disbursement of such payments to Direct Participants will be the

responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR ITS PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the City or its Paying Agent; (ii) the transfer of the Bonds may be registered on the books maintained by the City or its Paying Agent for such purposes only upon the surrender thereof to the City or its Paying Agent, together with the duly executed assignment in form satisfactory to the City or its Paying Agent; and (iii) for every exchange or registration of transfer of the Bonds, the City or its Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE BONDS

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the City payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the City without limitation as to rate or amount.

The City may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

GENERAL INFORMATION REGARDING THE CITY

General

General information concerning the City, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains (a) compiled financial statements of the City for the year ended December 31, 2016 and (b) audited financial statements of the City for the years ending December 31, 2015, 2014, 2013, 2012 and 2011. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the City.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

General - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall

mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits - The authorized bonded indebtedness of the City is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the City is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The City, including the issuance of the Bonds, will not exceed its three and one half percent (3.50%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The City may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the City may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

Refunding Bonds – Refunding Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of such refunding bonds.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the City.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the City's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The Annual Audit for the year ended December 31, 2015 is on file with the City Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units.

Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the City to levy *ad valorem* taxes upon all taxable real property within the City to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of two percent (2.00%); (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2.00%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45.46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the City to levy *ad valorem* taxes upon all taxable real property within the City to pay debt service on its bonds or notes, including the Bonds.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

Real Estate Taxes

Receipts from Delinquent Taxes - Revenues are permitted by *N.J.S.A. 40A:4-29* to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 *et seq.*, or the State tax court pursuant to R.S.54:48-1 *et seq.* in accordance with Chapter 56 of P.L. 2010.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget, School and County Taxes}}{\text{Prior Year's Percentage of Current Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3.00%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Capital Budget

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

Operation of Utility

The City's public water and sewer utility is supported by, in addition to the general taxing power upon real property, the revenues generated by the operations of the utility. A separate budget is established for the utility. The anticipated revenues and appropriations for the utility are set forth in a budget, which is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budget of the utility. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Related Constitutional and Statutory Provisions

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the State's Superior Court. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for

that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

The Local Finance Board also serves as the "Funding Commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such Funding Commission for the proposed reorganization of its debt.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE CITY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a

like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the City occurred in the year 2011 and was effective for the year 2012.

Upon the filing of certified adopted budgets by the City, the School District, and the County of Gloucester ("County"), the tax rate is determined by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the City are periodically assigned to the City Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City ("Bond Counsel"), assuming continuing compliance by the City with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on the Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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

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

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

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

premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

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

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

LITIGATION

To the knowledge of the City's Solicitor, James Pierson, Esquire of the law firm Angelini, Vinjar & Freedman, L.L.P., Woodbury, New Jersey ("Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the City if adversely decided.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Rating Agency"), has assigned a rating of "AA" to the Bonds, based upon the creditworthiness of the City.

The rating reflects only the views of the Rating Agency. Any desired explanation of the significance of such rating should be obtained directly from the Rating Agency. The City furnished to the Rating Agency certain information and materials concerning the Bonds and the City. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds by certificates signed by various officers and officials of the City upon issuance and delivery of the Bonds.

All of the information has been obtained from sources which the City considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel and the Financial Advisor (as hereinafter defined) have not participated in the preparation of this Official Statement, nor have such firms verified the accuracy, completeness or fairness of the information contained herein (except, with respect to Bond Counsel, under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from City management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP does take responsibility for the audited financial statements, appearing in Appendix "B" hereto, to the extent specified in the Accountant's Compilation Report.

UNDERWRITING

The Bonds have been purchased from the City at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated May __, 2017. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds and notes into investment trusts) at yields higher than the public offering yield set forth on the front cover page of this Official Statement, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the City, including the Bonds, and such bonds and notes are authorized security for any and all public deposits.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the City.

FINANCIAL ADVISOR

Acacia Financial Group, Inc., Marlton, New Jersey, has served as Financial Advisor to the City with respect to the issuance of the Bonds ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy,

completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended ("Rule"), promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, the City will, prior to the issuance of the Bonds, enter into a continuing disclosure agreement substantially in the form set forth in Appendix "D" hereto.

The City has failed to fully satisfy the requirements of certain undertakings previously executed by the City pursuant to Rule 15c2-12 in connection with various financings by failing to timely file certain notices in connection with the upgrade and/or downgrade of its underlying credit rating and the ratings of certain bond insurers. The City has also failed to timely file certain operating data audited financial statements for the years ended December 31, 2011 through and including 2015 as required under its applicable continuing disclosure agreements. Such financial information has subsequently been filed and a failure to file notice was filed May 22, 2017.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion substantially in the form set forth in Appendix "C" hereto, will accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the City, and the City has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the City without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the City by its Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Robert Law, Chief Financial Officer, City of Woodbury at (856) 845-1300, or the Financial Advisor at (856) 234-2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the City for and on behalf of the City.

CITY OF WOODBURY, NEW JERSEY

By: _____
ROBERT LAW,
Chief Financial Officer

Dated: May __, 2017

APPENDIX A

GENERAL INFORMATION ON THE CITY

GENERAL INFORMATION REGARDING THE CITY OF WOODBURY

Overview

The City of Woodbury ("City"), County of Gloucester ("County"), New Jersey had its beginning in 1683 and was incorporated in 1871. The City is considered one of the oldest "small cities" in the United States, and is surrounded by the communities of National Park, West Deptford, Woodbury Heights, Wenonah, Mantua, East Greenwich, Deptford and Westville.

Covering an area of 2.13 square miles, the City is primarily a residential community with approximately 4,456 dwelling units and 10,174 residents, according to the 2010 US Census.

One important feature of the City is the extent of volunteer public participation in its civic affairs. The Library Board, Historic Preservation Commission, Board of Health and Planning/Zoning Boards are staffed entirely by appointed City residents.

City Government

The City government is based on a City Council form of government, which exercises legislative power in the City. Members of the City Council serve three-year terms, staggered to provide continuity in the government. The Mayor is elected by the voters and is elected to a two-year term.

The day-to-day administrative duties are the responsibility of the City Administrator, who is appointed by the City Council. The City Administrator keeps City Council informed as to the conduct of City affairs, and the welfare and future needs of the City.

The financial affairs of the City are administrated by the Chief Financial Officer, who reports to City Council. Along with the City Administrator, the Chief Financial Officer prepares and then monitors the annual budget after adoption by City Council.

Growth and Development

In 2008, the City adopted a Redevelopment Plan for the Broad Street Commercial Business District ("District") the entire length of the City. The Redevelopment Plan designates specific projects to revitalize the District. It also gives the City the ability to assemble parcels to create new circulation infrastructure that will allow the City to grow while improving mobility and accessibility. The Plan has spurred much interest in the City. The City has identified priority sites and is currently speaking with redevelopers to implement the Redevelopment Plan projects and to create mixed-use infill to complement the recent 2014 redeveloped Green Block Building at Broad & Centre Streets. GG Green's Block is a historic building that was slated for demolition but instead, was renovated into a 50 unit affordable senior apartment complex with four retail units. The living space and three retail units are already filled. Similarly, in 2015, a former Masonic Lodge on Broad Street was revamped as office space and now houses 40 employees.

The 50-acre former Woodbury Country Club on Cooper Street was replaced with 82,000 square feet of post-acute medical care, an assisted living facility and a ten (10) acre City park.

Over the past four years, 40 new businesses have opened across the City. Eight of those businesses are owned by local residents and eight new businesses, including a brewery, opened in the last 6 months, and a rum distillery will open by 2018. The City has also become a destination for a variety of ethnic based restaurants from Italian and Mexican to Pho and Soul Food. There are over 30 different eateries throughout Woodbury.

The State of NJ has committed \$500 million in funds to extend passenger rail service to Woodbury in the next three-five years. This light-rail line would connect Woodbury to Philadelphia and Trenton, via Camden through an existing rail right-of-way, and link the City to the entire Northeast

corridor. Long range plans are to extend the rail southward to Glassboro's Rowan University. There are two planned stops along the line in Woodbury, at Red Bank Avenue and Cooper Street. These stations will improve access and bring value to both the area surrounding Inspira Medical Center and the traditional "downtown." Given the successes of similar towns surrounding the "River Line" light rail from Camden to Trenton, this should bode well for Woodbury's resurgence.

With the anticipation of the light-rail, the DVRPC has awarded the City a TCDI grant to study the feasibility of creating a transit hub at the Red Bank site. This area is also part of the redevelopment plans currently being reviewed by several developers in association and partnership with the redevelopment plans for the Inspira Medical Center site.

Gloucester County in recent years has recommitted to maintaining Woodbury as the center of County government. They have expanded the Justice Complex on Hunter Street to include Family Court, completed a new 6-story parking garage and renovated the former Family Court building to house the Freeholders' and Administration offices. Numerous other capital projects are being carried out throughout the City. This will ensure the health of the many private practice law offices that populate Woodbury. The fact that Woodbury remains the centers of government, law and medicine in our County indicates good prospects for future employment.

Transportation

An efficient system of highways, railroads and airlines is readily accessible to those residing and working in the City. Interstate 295, the North South Freeway (Route 42), State Highway 55, and the Atlantic City Expressway all reinforce the New Jersey Turnpike System. The City's highway system is augmented by its close proximity to the Benjamin Franklin Bridge, Walt Whitman Bridge, Commodore Barry Bridge and Delaware Memorial Bridge, which link New Jersey to Pennsylvania and Delaware. These modern highways and bridges provide easy access to all points in the Greater Delaware Valley, northern Delaware, and southern New Jersey. The Philadelphia International Airport is only twenty (20) minutes away by automobile.

The Delaware River Port Authority ("DRPA"), the New Jersey-Pennsylvania bi-state authority that operates the Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross bridges, also operates a high speed rail transit system that transports several thousand New Jersey residents into Philadelphia each day. The DRPA operates the transit system as the Port Authority Transit Company ("PATCO"). City residents who use the PATCO system are able to travel to their destinations in Camden and center city Philadelphia within twenty minutes. The DRPA, in conjunction with the New Jersey Department of Transportation, has committed funds to begin the first phase of extending a new PATCO Transit Train Line from Camden, thru Woodbury, with an ultimate termination in Glassboro at Rowan University. The City will benefit immensely from this transit expansion, since the City will be equipped with two train stops.

In addition to the PATCO rail system, the City is also served by New Jersey Transit, which operates buses throughout the County offering transit into Philadelphia and throughout the State. As part of the above noted commitment, New Jersey Transit and PATCO also propose a dedicated Bus Transit Corridor, to improve transit capabilities thru the county area, thus improving transit efficiency for the City.

Water and Sewer

Water and sewer facilities are City owned and managed by a Committee of City Council. Final disposal of sewerage is by contract with the Gloucester County Utilities Authority.

Utilities

Gas service is provided by Public Service Electric and Gas Company. Electric service is provided by Public Service Electric and Gas Company and Atlantic Electric.

Police

Police protection is offered through twenty-eight (28) full-time Officers, and five (5) part-time Cadets. The Police Department is supervised by a Chief, one (1) Captain and one (1) Lieutenant, who are assisted by three (3) full-time clerical and evidence staff. The Police Department is an accredited department, participates in Community Policing and also has a bicycle patrol. In 2017, the department has a K-9 dog and officer in-training.

Public Works

The Public Works Department ("Department") consists of thirty-three (33) employees. The Department is responsible for trash collection, recyclables, water and sewer operation and the maintenance and repair of City-owned property, local roads and recreational areas.

Fire and Ambulance Services

Fire protection is provided through the Woodbury Fire Department and one (1) volunteer fire company, with two buildings strategically placed within the city boundary. There are four (4) paid career firefighters. They operate three (3) firefighting apparatus and one (1) fire rescue vehicle. The City's ambulance service is provided through an interlocal services agreement with Gloucester County Emergency Medical Service.

Library

The City has one (1) municipally supported free public library, which is run by an eight (8) member Board of Trustees made up of local residents and professionals. The Library is a member of LOGIN, a consortium of twenty-two (22) libraries in Gloucester, Salem & Cumberland Counties. A Woodbury Library card can be used at all LOGIN libraries with no fee.

Parks and Recreation

The City is home to a park and lake system of 200+ acres which features the following:

- Seven (7) Baseball Fields
- Three (3) Soccer Fields
- Five (5) Basketball Courts
- Two (2) Tennis Courts
- One (1) Midget Football Field
- Through an Inter-Local Service Agreement with the Board of Education of the City of Woodbury, residents have access to a running/walking track located at the high school stadium.

The Parks System offers both active and passive recreational opportunities.

Health Care

Inspira Medical Center ("Medical Center"), located in the City, is a 329 licensed bed, acute care, nonprofit hospital. Affiliated with Rowan University School of Osteopathic Medicine and Jefferson University located in Philadelphia and accredited by the Joint Commission, the Medical Center is Gloucester County's largest employer with over 1,800 full and part time employees. The Medical Center provides a comprehensive array of diagnostic, therapeutic and rehabilitative services in the comfort, convenience and security of a community hospital setting and is in the process of completing a \$4 million upgrade to enhance communications to provide for the seamless transfer of clinical, business and patient business services data between the Medical Center hospitals. During calendar year 2013, the Medical Center's key services provided to its patients totaled 225,519 with its emergency department reporting 55,363 patient visits.

City Employees

	<u>2016</u>	<u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>2013</u>	<u>2012</u>
Permanent	79	76	79	83	92
Part-time	42	46	49	48	48
Total	121	122	128	131	140

Employee Collective Bargaining Units

<u>Bargaining Units</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Policemen's Benevolent Association	28	12/31/2018
United Food and Commercial Workers Union	31	12/31/2017
Firemen's Mutual Benevolent Association	4	12/31/2018

Compensated Absences

Vacation days and unused sick leave not used during the year may not be accumulated and carried forward to the subsequent year. The City does not compensate for unused sick leave upon termination or retirement.

Pension Plans

Those City employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. (See Appendix B: Financial Statements of the City, Note 12 to Financial Statements).

City Population (1)

2010 Federal Census	10,174
2000 Federal Census	10,307
1990 Federal Census	10,904
1980 Federal Census	10,353
1970 Federal Census	12,408

Selected Census 2014 Data for the City (1)

Median household income	\$53,359
Median family income	\$74,188
Per capita income	\$27,355

Labor Force(2)

The following table discloses current labor force data for the City, County and State.

City	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Labor Force	5,034	5,045	5,009	5,143	5,224
Employment	4,751	4,702	4,586	4,619	4,621
Unemployment	283	343	423	524	603
Unemployment Rate	5.6%	6.8%	8.4%	10.2%	11.5%

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: New Jersey Department of Labor

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
County					
Labor Force	150,050	149,669	148,176	150,545	151,983
Employment	142,467	140,803	137,331	137,147	136,665
Unemployment	7,583	8,866	10,845	13,398	15,318
Unemployment Rate	5.1%	5.9%	7.3%	8.9%	10.1%
State					
Labor Force	4,524,300	4,543,800	4,513,600	4,528,500	4,585,300
Employment	4,299,900	4,288,800	4,209,700	4,157,600	4,158,600
Unemployment	224,300	255,000	303,900	370,800	426,800
Unemployment Rate	5.0%	5.6%	6.7%	8.2%	9.3%

TEN LARGEST EMPLOYERS IN THE COUNTY(1)

<u>Employer</u>	<u>Nature of Business</u>	<u>Location</u>	<u>Number of Employees</u>
Inspira Health Network	Hospital	Woodbury	1,825
Kennedy Health Alliance	Hospital	Turnersville	1,675
Rowan University	University	Glassboro	1,483
Missa Bay, LLC	Food Processing	Swedesboro	950
U.S. Food Service	Food Service	Bridgeport	725
Exxonmobil Research & Engineering Co.	Research	Paulsboro	540
LaBrea Bakery	Bakery	Swedesboro	525
Delaware Valley Wholesale Florist	Florist	Sewell	500
Drugstore.com	Pharmacy/Drug Store	Swedesboro	450
Heritage Dairy Store	Retailer of Groceries	Thorofare	450

Building, Zoning and Development Codes

The City has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building.

The City's building codes conform to standards of the Uniform Construction Code of New Jersey. These codes and other Municipal Codes are codified as a basis for improved administration and regulation.

In 1976, the City adopted the Municipal Land Use Law. The Municipal Land Use Law gave the City Planning and Zoning Board of Adjustment authority to regulate most land use other than single family residential use. In this way, the City is able to guide the approximate use or development of land to promote the public health, safety, and general welfare.

Building Permits(2)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2017(3)	38	\$ 230,084
2016	407	2,943,532
2015	433	4,631,631
2014	426	9,271,471
2013	428	4,459,967
2012	393	3,139,610

(1) Source: Gloucester County Economic Development website

(2) Source: City Construction Official

(3) As of March 31, 2017

EDUCATION (1)

Primary and Secondary

The Board of Education of the City of Woodbury ("School District") is a type II school district, consisting of nine members who are elected at large for three-year terms.

The City's public school system has a total of four schools: three elementary schools and one junior/senior high school with grade levels from Pre-kindergarten through twelfth.

The School District prepares annually a current expense and debt service budget. The amounts to be raised by taxation for current expense and debt service are submitted to the voters for approval if the amounts are disapproved, the City Council fixes an amount and certifies the same to the School District and the County Board of Taxation. If the School District determines that the amount certified by the City is insufficient to operate a thorough and efficient school system, the School District may appeal to the State Commissioner of Education to restore the local funds eliminated.

SCHOOL DISTRICT ENROLLMENTS (1)

<u>Grade</u>	<u>2016</u>	<u>2015</u>	<u>October 15 2014</u>	<u>2013</u>	<u>2012</u>
Pre-K	124	97	85	65	64
K	118	96	124	119	129
1	93	123	117	122	113
2	110	106	110	98	91
3	103	93	89	84	88
4	84	83	75	87	97
5	82	81	85	97	100
6	80	86	95	95	74
7	81	89	93	74	90
8	89	94	82	88	86
9	93	90	91	96	101
10	80	83	90	93	77
11	73	78	86	70	85
12	78	90	66	88	79
Spec. Ed.	<u>229</u>	<u>224</u>	<u>226</u>	<u>225</u>	<u>224</u>
Totals	<u>1,517</u>	<u>1,513</u>	<u>1,514</u>	<u>1,501</u>	<u>1,498</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2016</u>	<u>Functional Capacity</u>
Evergreen Avenue	1952	1956,1967,2000,2001	Pre-K-5	286	325
West End Elementary	1949	1955,1968,1999	K-5	392	380
Walnut Street	1898	1927,1967,2000	Pre-K-5	116	130
Woodbury Jr. Sr. High School	1908	1924,1958,1968,2000	6-12	<u>723</u>	<u>765</u>
				<u>1,517</u>	<u>1,600</u>

(1) Source: Business Administrator/Board Secretary

HIGHER EDUCATION FACILITIES

Rowan College at Gloucester County

Rowan College at Gloucester County (which opened in 1967 as Gloucester County College) is a publicly supported, co-educational two-year institution, fully accredited by the Middle States Commission on Higher Education.

The College offers more than 70 academic programs in business, humanities, allied health, technologies and the sciences. A number of selective admission programs related to the allied-health field are also available. Total enrollment for the Fall 2015 semester was 6,836 students (3,807 full-time and 3,029 part-time students).

Rowan College maintains a well-rounded cultural, artistic and sports calendar of events. In addition, the College's Division of Continuing Education provides numerous educational, career training and personal enrichment courses as well as outreach programs to community residents.

The College awards both certificate and associate degrees leading to immediate career and transfer opportunities. Rowan College continues to offer students a variety of four-year degree options with transfer agreements with university partners, in addition to an extensive listing of articulation agreements for students pursuing baccalaureate and master's degree programs. Students also have the option to complete advanced degrees without leaving the Rowan College campus through partnership agreements with Rowan University, Fairleigh Dickinson University and Wilmington University.

Rowan College at Gloucester County is located on a 250-acre campus on Tanyard Road in Deptford, New Jersey.

Rowan University

Rowan University ("University") (formerly known as Glassboro State College) is a selective, medium-sized state university located in southern New Jersey, between Atlantic City and Philadelphia. In 1992, the University received a \$100 million gift from Henry and Betty Rowan, one of the largest gifts ever bestowed on a public university. The gift has been a catalyst for the University's transformation into a university of regional prominence. Founded in 1923 as a school for teachers, the University enrolls over 10,000 students in Business, Communications, Education, Engineering, Fine & Performing Arts, Liberal Arts and a Graduate School. The 200-acre campus contains 31 buildings, including eight (8) residence halls, three (3) apartment complexes and one (1) town-house project. The University was also the site of the historic Summit Conference between President Johnson and Russian Premier Kosygin in 1967.

Enrollment is approximately 14,778 students (12,022 undergraduates, 1,927 graduates, and 829 professionals).⁽¹⁾

As a result, in part, of a State reorganization plan transferring certain functions, powers and duties of the University of Medicine and Dentistry of New Jersey ("UMDNJ") in the City of Camden to the University, construction is underway on a \$140 million four-year allopathic medical school. The University is partnering with the Cooper University Hospital to develop the Cooper Medical School of Rowan University. The medical school building is a six-story, 200,000 square foot, LEED certified building. At full capacity, it is anticipated that the new medical school will have an annual enrollment of approximately 400 students. The medical school is the first four year allopathic medical school in South Jersey and the first new medical school in the State of New Jersey ("State") in more than 30 years. The facility held a Grand Opening on July 24, 2012 and welcomed their first class of students in the Fall of 2012.

¹ Source: Rowan website

On August 22, 2012, after passage by the New Jersey State Legislature, the Governor signed the New Jersey Medical and Health Sciences Education Restructuring Act ("Restructuring Act") into law. The Restructuring Act reorganizes certain higher education facilities throughout the State of New Jersey. In relevant part, UMDNJ facilities located in the City of Camden, New Jersey and the UMDNJ School of Osteopathic Medicine in Stratford, New Jersey will be transferred from UMDNJ to the University. Additionally, the Restructuring Act creates: (i) a Rutgers, the State University of New Jersey – Camden Campus ("Rutgers-Camden") Board of Directors with responsibilities including the policies and administration of Rutgers-Camden; and (ii) a joint University/ Rutgers-Camden Board of Directors with responsibilities including the policies and administration of Rowan and Rutgers-Camden in the area of Health Sciences.

In furtherance of the University's growth, the construction of several new facilities is planned, including new buildings for the Colleges of Business and Engineering, a housing village, a health sciences facility and an academic building to serve the entire university. These projects, more than \$300 million worth of construction over the next eight years, will generate much needed construction jobs in the short-term and increase access to higher education in the long-term.

Gloucester County Vocational and Technical School District

The Gloucester County Vocational and Technical School District ("District") provides a full range of regionalized occupational and technical County-wide educational services and programs appropriate to the needs of the students of 13 public high schools, and adults who seek educational opportunities that lead to employment or higher education. The District also provides programming for secondary students who wish to continue to higher education through Tech Prep matriculation agreements with various county colleges and four-year institutions.

For the 2014-2015 school year, approximately 1,510 students are enrolled in the District's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

In addition to its day school enrollment, the District serves an average of 4,000 residents in various programs, including: (i) adult and continuing education programs; (ii) County employees in customized training programs; (iii) adults in the skill center; (iv) over 400 at-risk youth and their families in school-based youth services counseling; (v) the U.S. swim team of 175 members; and (vi) the joint auto technology program with GCC serving 40 adult students in an AAS degree program.

Gloucester County Special Services School District

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, for the 2014-2015 school year, was approximately 716 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional, and serves special needs students from pre-kindergarten to grade 5.

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of the activities. Together, they can promote lifelong access and opportunity for all individuals within the autism spectrum and/or multiply disabled.

BDC student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively providing functional, skill based instruction to develop each student's social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at BDC is dedicated to educating and supporting the special needs students who attend BDC. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children they serve. Programs are designed to meet their educational, social, and emotional needs.

In addition to the schools, GCSSSD provides the following services to support the special needs children of the County: (i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS) which provides professional services to the school districts in the County and the County of Camden.

GCSSSD also provides support to nonpublic students through their schools including remedial programs, speech-language therapy and textbook purchasing. GCSSSD's Special Projects Program provides Migrant Services to more than 3,000 students and families throughout the southern region of New Jersey.

**CERTAIN TAX INFORMATION
TEN LARGEST TAXPAYERS(1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>
Woodbury Meadows Associates	Senior Living	\$7,250,000
Inspira Medical Center	Acute Care/Outpatient Svcs/Rehab	6,897,900
American Stores	Acme Supermarket	5,625,000
Verizon New Jersey	Telecommunications Products/Svcs	5,364,655
SCP 2001A CSF 43 LLC	Retail/Restaurant	4,000,000
Evergreen Shopping Center LLC	Retail/Restaurant	3,975,000
Evergreen Associates	Medical Group Practice	3,900,000
Woodbury Manor Associates	Town House Community Living	3,736,000
Burriss Post Acute Network Woodbury	Nursing Home	3,425,500
TCW Equities LLC	Car Dealership	2,987,800

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2016(3)	\$26,566,020	\$25,610,159	96.40%	\$685,340	2.58%
2015	26,206,867	25,150,909	95.97	798,959	3.05
2014	25,940,871	24,815,525	95.66	942,174	3.63
2013	25,872,196	24,877,429	96.16	804,941	3.11
2012	25,424,963	24,492,971	96.33	799,427	3.14

- (1) Source: Gloucester County website
 (2) Source: City Reports of Audit, unless otherwise noted
 (3) Compiled Annual Financial Statement

DELINQUENT TAXES(1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected Amount</u>	<u>Collected Percent</u>	<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
2016(2)	\$799,010	\$7,524	\$706,247	87.57%	---	\$81,287	\$19,000
2015	942,174	2,041	933,937	98.91	\$3,136	7,091	51
2014	814,471	1,843	764,776	93.69	9,813	41,725	---
2013	876,663	1,250	860,196	97.98	8,186	---	9,531
2012	837,616	4,750	812,058	96.40	---	8,825	21,483

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales, Adjs. & Transfers</u>	<u>Collected</u>	<u>Canceled/ Adjustments</u>	<u>Balance Dec. 31</u>
2016(2)	\$524,214	\$12,296	\$72,413	\$363,628	\$100,469
2015	448,909	75,305	---	---	524,214
2014	389,261	64,644	4,996	---	448,909
2013	341,901 (3)	49,426	2,066	---	389,261
2012	1,054,533	39,508	422,426	---	671,615

FORECLOSED PROPERTY(1)(4)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Foreclosed Tax Title Liens</u>	<u>Balance Dec. 31</u>
2016(2)	\$429,700	\$363,628	\$793,328
2015	429,700	---	429,700
2014	429,700	---	429,700
2013	429,700	---	429,700
2012	429,700	---	429,700

CURRENT WATER-SEWER COLLECTIONS(1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy Amount</u>	<u>Collected in Year of Levy Percentage</u>	<u>Outstanding Dec. 31 Amount</u>	<u>Outstanding Dec. 31 Percentage</u>
2016(2)	\$105,485	\$5,105,057	\$5,101,674	97.91%	\$96,516	1.85%
2015	143,847	5,231,589	5,253,916	97.74	105,485	2.22
2014	87,379	5,290,008	5,069,180	94.27	143,847	2.68
2013	456,735	5,306,867	5,651,554	98.06	87,379	1.52
2012	554,652	5,265,455	5,359,324	92.08	456,735	7.85

(1) Source: City Reports of Audit

(2) Compiled Annual Financial Statement

(3) Restated

(4) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate(2)</u>			
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>
2017	\$581,707,125	---	---	---	---
2016	586,645,741	\$4.523	\$0.704	\$2.300	\$1.519
2015	587,653,054	4.449	0.688	2.257	1.504
2014	591,432,151	4.379	0.672	2.202	1.505
2013	598,627,820	4.317	0.657	2.160	1.500

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(3)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(4)</u>
2017	\$581,559,270	99.22%	\$586,131,093	\$57,611
2016	582,923,270	95.33	611,479,356	60,102
2014	586,800,680	95.69	613,230,933	60,274
2013	593,430,050	91.92	645,594,049	63,455
2012	611,667,250	92.29	662,766,551	65,143

REAL PROPERTY CLASSIFICATION(5)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>					
	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	
2017	\$576,342,470	\$8,356,500	\$402,926,870	\$137,492,100	\$3,556,800	\$24,010,200
2016	581,559,270	8,731,400	404,064,770	140,616,400	3,556,800	24,589,900
2015	582,923,270	7,807,400	404,138,570	142,453,700	3,556,800	24,966,800
2014	586,800,680	4,782,600	405,055,580	148,300,300	3,556,800	25,105,400
2013	593,430,050	5,663,600	406,088,050	152,441,000	3,556,800	25,680,600

(1) Source: City Tax Collector

(2) Per \$100 of assessed valuation

(3) Source: State of New Jersey, Department of Treasury, Division of Taxation

(4) Based on Census 2010 of 10,174

(5) Source: County Tax Assessor

CITY OF WOODBURY
2017 MUNICIPAL BUDGET(1)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,080,000.00
Miscellaneous Revenues:	
Local Revenues	767,500.00
State Aid without Offsetting Appropriations	1,432,199.00
Shared Service Agreements	306,575.00
Public and Private Programs Offset with Appropriations	94,420.07
Other Special Items of Revenue	501,325.00
Receipts from Delinquent Taxes	679,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>9,103,980.93</u>
Total Appropriated Revenues	<u><u>\$ 13,965,000.00</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 9,624,325.00
Deferred Charges and Statutory Expenditures	1,173,013.00
Excluded from CAPS:	
Other Operations	385,000.00
Shared Service Agreements	426,575.00
Public and Private Programs	98,231.07
Capital Improvements	75,000.00
Debt Service	1,101,685.00
Reserve for Uncollected Taxes	<u>1,081,170.93</u>
Total Appropriations	<u><u>\$ 13,965,000.00</u></u>

WATER/SEWER UTILITY

Anticipated Revenues:	
Fund Balance	\$ 590,000.00
Rents	5,022,000.00
Miscellaneous	<u>20,000.00</u>
Total Anticipated Revenues	<u><u>\$ 5,632,000.00</u></u>
Appropriations:	
Operating	\$ 3,820,000.00
Capital Improvements	192,500.00
Debt Service	1,303,000.00
Deferred Charges and Statutory Expenditures	126,500.00
Surplus (General Budget)	<u>190,000.00</u>
Total Appropriations	<u><u>\$ 5,632,000.00</u></u>

(1) As introduced March 28, 2017

**CITY OF WOODBURY
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the City in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2-*et seq.*). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water and Sewer Utility, and debt of the local school district. Deductions from gross debt to arrive at net debt include debt considered to be self-liquidating and deductible school debt. The resulting net debt of \$16,269,296 represents 2.695% of the average of equalized valuations for the City for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Debt Auth. But Not Issued	Gross Debt	Deductions		Net Debt
	Bonds	Loans	Notes			Self Liquidating	School Debt	
General	\$3,150,000	\$608,038	\$10,135,000	\$2,376,258	\$16,269,296			\$16,269,296
Local School District	5,565,000				5,565,000		\$5,565,000	
Water and Sewer Utility	4,850,000	4,103,797	2,665,000	2,007,378	13,626,174	\$13,626,174		
	<u>\$13,565,000</u>	<u>\$4,711,835</u>	<u>\$12,800,000</u>	<u>\$4,383,635</u>	<u>\$35,460,471</u>	<u>\$13,626,174</u>	<u>\$5,565,000</u>	<u>\$16,269,296</u>

(1) As of December 31, 2016
Source: Annual Debt Statement

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2014, 2015 and 2016	\$603,613,794
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	2.70%
2017 Net Valuation Taxable	\$581,707,125
2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$586,237,937
Gross Debt (2):	
As a percentage of 2017 Net Valuation Taxable	6.10%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	6.05%
Net Debt (2):	
As a percentage of 2017 Net Valuation Taxable	2.80%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.78%
Gross Debt Per Capita (3)	\$3,485
Net Debt Per Capita (3)	\$1,599

CITY BORROWING CAPACITY(1)

3.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$603,613,794)	\$21,126,483
Net Debt	<u>16,269,296</u>
Remaining Borrowing Capacity	<u><u>\$4,857,187</u></u>

SCHOOL DISTRICT BORROWING CAPACITY(1)

4% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$603,613,794)	\$24,144,552
School Debt	<u>5,565,000</u>
Remaining Borrowing Capacity	<u><u>\$18,579,552</u></u>

(1) As of December 31, 2016

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 10,174

**CITY OF WOODBURY
OVERLAPPING DEBT
AS OF DECEMBER 31, 2016**

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deduction</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Gloucester(1):					
General	\$ 238,163,000	\$ 8,319,000 (2)	\$ 229,844,000	\$ 5,539,240 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	149,913,453	149,913,453 (3)	-		
	\$ 388,076,453	\$ 158,232,453	\$ 229,844,000	\$ 5,539,240	\$ -

(1) Source: County's Annual Debt Statement

(2) Includes County College Bonds

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2016 Net Valuation on which County taxes are apportioned, which is 2.41%.

**CITY OF WOODBURY
SCHEDULE OF DEBT SERVICE
(BONDED DEBT ONLY)(1)**

<u>Year</u>	<u>General</u>			<u>Water and Sewer</u>			<u>Grand Total</u>
	<u>Principal(2)</u>	<u>Interest</u>	<u>Total</u>	<u>Principal(2)</u>	<u>Interest</u>	<u>Total</u>	
2017	\$ 615,000.00	\$ 141,885.00	\$ 756,885.00	\$ 455,000.00	\$ 195,437.50	\$ 650,437.50	\$ 1,407,322.50
2018	265,000.00	115,805.00	380,805.00	480,000.00	177,237.50	657,237.50	1,038,042.50
2019	300,000.00	103,425.00	403,425.00	505,000.00	158,037.50	663,037.50	1,066,462.50
2020	315,000.00	89,405.00	404,405.00	530,000.00	137,837.50	667,837.50	1,072,242.50
2021	355,000.00	74,480.00	429,480.00	550,000.00	116,637.50	666,637.50	1,096,117.50
2022	345,000.00	58,355.00	403,355.00	580,000.00	94,637.50	674,637.50	1,077,992.50
2023	385,000.00	42,087.50	427,087.50	250,000.00	71,437.50	321,437.50	748,525.00
2024	400,000.00	23,965.00	423,965.00	250,000.00	61,437.50	311,437.50	735,402.50
2025	170,000.00	4,845.00	174,845.00	250,000.00	51,437.50	301,437.50	476,282.50
2026				250,000.00	41,437.50	291,437.50	291,437.50
2027				250,000.00	31,437.50	281,437.50	281,437.50
2028				250,000.00	21,125.00	271,125.00	271,125.00
2029				250,000.00	10,625.00	260,625.00	260,625.00
	<u>\$3,150,000.00</u>	<u>\$654,252.50</u>	<u>\$3,804,252.50</u>	<u>\$4,850,000.00</u>	<u>\$1,168,762.50</u>	<u>\$6,018,762.50</u>	<u>\$9,823,015.00</u>

(1) As of December 31, 2016

(2) Excludes a Green Acres Loan of \$608,038 and an EIT Loan of \$4,103,797

Source: City Auditor

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS OF THE
CITY OF WOODBURY,
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

FOR THE YEAR ENDED 2016
COMPILED FINANCIAL STATEMENTS



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the City Council
City of Woodbury
Woodbury, New Jersey 08096

Management is responsible for the accompanying financial statements of the City of Woodbury, in the County of Gloucester, State of New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2016 and the related statement of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices 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.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 3, 2017

CITY OF WOODBURY

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--

Regulatory Basis

As of December 31, 2016

ASSETS

Cash	\$4,082,051
Receivables with Full Reserves:	
Delinquent Property Taxes Receivable	704,340
Tax Title Liens Receivable	100,469
Property Acquired for Taxes--Assessed Valuation	793,328
Miscellaneous Accounts Receivable	4,200
Interfunds Receivable	174,692
Federal and State Grant Funds Receivable	<u>388,350</u>
 Total Assets	 <u><u>\$6,247,430</u></u>

**LIABILITIES, RESERVES AND
FUND BALANCE**

Appropriation Reserves	\$305,025
Accounts Payable	33,647
Reserve for Encumbrances	238,023
Prepaid Taxes	257,229
Tax Overpayments	206,468
Due County for Added and Omitted Taxes	4,309
Interfunds Payable	480,733
Due to State of New Jersey	24,937
Reserve for Sale of Assets	5,854
Due to City of Woodbury Library	5,798
Reserve for Receivables and Other Assets	1,777,029
Reserve for Economic Development Interlocal	40,000
Appropriated Reserve for Federal and State Grants	188,537
Fund Balance	<u>2,679,841</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$6,247,430</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
CURRENT FUND
 Statements of Operations and Changes in Fund Balance--
 Regulatory Basis
 For the Year Ended December 31, 2016

Revenue Realized:	
Current Tax Collections	\$25,610,159
Delinquent Tax Collections	<u>778,660</u>
Total Taxes	<u>26,388,819</u>
Miscellaneous Revenues Anticipated	3,372,783
Non-Budget and Other Income	534,254
Fund Balance Utilized	<u>1,080,000</u>
Total Income	<u>31,375,856</u>
Expenditures and Encumbrances:	
Operating	11,348,753
Capital Improvements	200,000
Debt Service	1,202,472
Deferred Charges and Statutory	
Expenditures	55,057
County Taxes	4,132,791
Local District School Tax	13,491,507
Refund of Prior Year Revenue-Tax Appeals	81,168
Creation of Reserves	<u>171,063</u>
Total Expenditures and Encumbrances	<u>30,682,810</u>
Excess in Revenues	693,046
Statutory Excess to Fund Balance	693,046
Fund Balance Beginning of Year	<u>3,066,794</u>
	3,759,841
Decreased by:	
Utilized as Revenue	<u>1,080,000</u>
Fund Balance Ending of Year	<u><u>\$2,679,841</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
TRUST FUND
Statements of Assets, Liabilities, and Reserves --
Regulatory Basis
As of December 31, 2016

ASSETS

Cash	\$1,315,370
Interfunds Receivable	8,534
Due from Bank	7,226
Community Development Block Grant Receivable	78,300
Other Accounts Receivable	<u>125</u>
Total Assets	<u><u>\$1,409,555</u></u>

LIABILITIES, AND RESERVES

Interfund Loans Payable	\$3,629
Other Liabilities and Reserve for Special Funds	<u>1,405,927</u>
Total Liabilities and Reserves	<u><u>\$1,409,555</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--
 Regulatory Basis
 As of December 31, 2016

ASSETS

Cash	\$3,029,716
Deferred Charges to Future Taxation:	
Funded	3,658,038
Unfunded	12,598,271
Interfunds Receivable	301,136
Other Accounts Receivable	<u>912,320</u>
 Total Assets	 <u><u>\$20,499,482</u></u>

**LIABILITIES, RESERVES AND
 FUND BALANCE**

General Serial Bonds	\$3,150,000
Bond Anticipation Notes	10,135,000
State of New Jersey Green Acres Loan	608,038
Improvement Authorizations:	
Unfunded	3,741,645
Reserve for Encumbrances	375,995
Reserve for Donations	2,041
Interfunds Payable	2,450,000
Capital Improvement Fund	34,291
Fund Balance	<u>2,472</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$20,499,482</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis
As of December 31, 2016

ASSETS

Operating Fund:	
Cash	\$806,594
Interfunds Receivable	1,810,269
Receivables with Full Reserves:	
Consumer Accounts Receivable	96,516
Liens Receivable	<u>70,641</u>
Total Operating Fund	<u>2,784,020</u>
Capital Fund:	
Cash	629,956
Interfunds Receivable	2,450,000
Fixed Capital	26,060,861
Fixed Capital Authorized and Uncompleted	<u>10,597,081</u>
Total Capital Fund	<u>39,737,898</u>
Total Assets	<u><u>\$42,521,918</u></u>

CITY OF WOODBURY
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--
 Regulatory Basis
 As of December 31, 2016

**LIABILITIES, RESERVES AND
 FUND BALANCE**

Operating Fund:	
Appropriation Reserves	\$385,449
Accounts Payable	8,601
Accrued Interest on Bonds, Loans and Notes	78,914
Overpayments	40,077
Prepaid Rents	3,734
Reserve for Encumbrances	67,855
Reserve for Receivables and Other Assets	167,157
Fund Balance	<u>2,032,233</u>
 Total Operating Fund	 <u>2,784,020</u>
Capital Fund:	
Serial Bonds	4,850,000
Bond Anticipation Notes	2,665,000
NJEIT Loan Payable	4,103,797
Interfunds Payable	1,810,269
Reserve for Encumbrances	437,386
Improvement Authorizations:	
Funded	338,221
Unfunded	2,067,112
Reserve for Amortization	22,840,681
Deferred Reserve for Amortization	191,575
Capital Improvement Fund	344,105
Fund Balance	<u>89,751</u>
 Total Capital Fund	 <u>39,737,898</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$42,521,918</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
WATER AND SEWER UTILITY FUND
 Statements of Operations and Changes in Fund Balance--
 Regulatory Basis
 For the Year Ended December 31, 2016

Revenue Realized:	
Fund Balance Utilized	\$400,000
Rents	5,101,674
Miscellaneous	41,970
Reserve for Debt Service	23,969
Other Credits to Income	314,208
Capital Surplus	<u>700,000</u>
Total Income	<u>6,581,821</u>
Expenditures:	
Operating	3,845,000
Capital Improvements	100,000
Debt Service	2,011,838
Deferred Charges & Statutory Expenditures	<u>181,000</u>
Total Expenditures	<u>6,137,838</u>
Statutory Excess to Fund Balance	443,982
Fund Balance January 1	<u>1,988,250</u>
	2,432,233
Decreased by:	
Utilized by Water-Sewer Operating Budget	<u>400,000</u>
Fund Balance December 31	<u><u>\$2,032,233</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Woodbury (hereafter referred to as the "City") was incorporated in January, 1871 and is located in southwest New Jersey approximately ten miles southeast of the City of Philadelphia. The population according to the 2010 census is 10,174.

The City has a form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the City Administrator, Deputy City Administrator and City Clerk.

Component Units - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the City, the primary government:

Woodbury Public Library
33 Delaware Street
Woodbury, New Jersey 08096

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the City contain all funds and account groups in accordance with the *Requirements of Audit* ("Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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 respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Water - Sewer Utility Operating and Capital Funds - The water - sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The City must adopt an annual budget for its current and water-sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the City's length of service awards program, however, are stated at fair value.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and water-sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Gloucester and the City of Woodbury School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the City of Woodbury School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

FOR THE YEARS ENDED 2015, 2014, 2013 AND 2012
AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Woodbury
Woodbury, New Jersey 08096

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Woodbury, in the County of Gloucester, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 City'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 City'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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of 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 the State 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” 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 the City of Woodbury, in the County of Gloucester, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Woodbury, in the County of Gloucester, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 8 to the financial statements, during the year ended December 31, 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
August 25, 2016

CITY OF WOODBURY
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS					
Cash	\$4,019,971	\$3,995,055	\$4,008,315	\$3,533,363	\$3,006,977
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	799,010	942,174	814,471	820,910	837,616
Delinquent Tax Penalty Receivable		1,286	19,704	13,170	19,143
Tax Title Liens Receivable	524,214	448,909	389,261	671,615	1,054,533
Property Acquired for Taxes--Assessed Valuation	429,700	429,700	429,700	429,700	429,700
Revenue Accounts Receivable		20,164	24,296	18,770	19,785
Miscellaneous Accounts Receivable	4,200	4,200	4,200	4,200	4,200
Interfunds Receivable	41,985	112,849	77,984	1,322,604	378,088
Deferred Charges	55,057				
Federal and State Grant Funds Receivable	406,473	445,842	723,332	935,344	1,486,427
Total Assets	\$6,280,610	\$6,400,180	\$6,491,263	\$7,749,678	\$7,236,469
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$440,902	\$482,579	\$406,874	\$526,298	\$342,019
Accounts Payable	53,240	30,511	9,386	9,386	7,409
Reserve for Encumbrances	321,184	185,098	124,244	174,817	199,699
Prepaid Taxes	206,609	187,066	212,789	178,362	169,072
Tax Overpayments	32,149	24,126	37,839	89,506	68,321
Due County for Added and Omitted Taxes	9,614	6,435	4,462	2,466	2,247
Due to Other Municipalities--Construction Local		16,307	16,307	12,713	16,247
Interfunds Payable	29,836	110,104	320,043	648,026	549,589
Due to State of New Jersey	26,283	24,963	25,849	27,810	24,168
Deposit for the Sale of Assets	5,854	5,854	5,854	5,854	5,854
Due to City of Woodbury Library	5,798	5,798	5,798	5,798	5,798
Reserve for Receivables and Other Assets	1,770,852	1,850,757	1,704,439	2,902,003	2,743,065
Reserve for Economic Development -- GCIA Interlocal Prepayment	40,000				
Reserve for FEMA Storm Expenses	16,562				
Reserve for Payment of Debt Service	45,163	24,370			
Reserve for Federal and State Grants	209,768	548,569	500,710	1,039,454	879,111
Fund Balance	3,066,794	2,897,640	3,116,669	2,127,185	2,223,869
Total Liabilities, Reserves and Fund Balance	\$6,280,610	\$6,400,180	\$6,491,263	\$7,749,678	\$7,236,469

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
CURRENT FUND
Statements of Operations and Changes in Fund Balance--
Regulatory Basis

	Years Ended December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue Realized:					
Current Tax Collections	\$25,150,909	\$24,815,525	\$24,877,429	\$24,492,971	\$23,860,803
Delinquent Tax Collections	955,735	788,191	879,220	1,229,733	749,189
Total Taxes	26,106,644	25,603,715	25,756,649	25,722,705	24,609,992
Miscellaneous Revenues Anticipated	3,160,742	3,186,614	3,023,008	3,418,755	3,341,102
Non-Budget and Other Income	681,235	488,344	1,509,430	524,605	674,737
Fund Balance Utilized	975,000	1,000,000	1,000,000	1,000,000	1,155,000
Total Income	30,923,621	30,278,673	31,289,086	30,666,064	29,780,831
Expenditures and Encumbrances:					
Operating	10,151,017	10,083,301	10,110,770	10,683,956	10,357,238
Capital Improvements	100,000	200,000	50,000	50,000	231,840
Debt Service	1,056,416	1,152,509	1,134,218	1,135,846	1,162,981
Deferred Charges and Statutory Expenditures	1,139,402	1,063,753	1,142,600	1,081,349	1,150,199
County Taxes	4,044,985	3,978,162	3,931,007	3,495,117	3,675,331
Local District School Tax	13,261,959	13,017,827	12,929,758	12,701,141	12,125,378
Due State of New Jersey--Prior Year Taxes	2,042	1,843	1,250		250
Federal and State Grants Receivable Canceled	69,300				
Creation of Reserves	9,404	306		615,340	332,167
Total Expenditures and Encumbrances	29,834,524	29,497,701	29,299,603	29,762,748	29,035,383
Excess in Revenues	1,089,097	780,972	1,989,484	903,316	745,448
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year	55,057				
Statutory Excess to Fund Balance	1,144,154	780,972	1,989,484	903,316	745,448
Fund Balance Beginning of Year	2,897,640	3,116,669	2,127,185	2,223,869	2,633,421
	4,041,794	3,897,640	4,116,669	3,127,185	3,378,869
Decreased by:					
Utilized as Revenue	975,000	1,000,000	1,000,000	1,000,000	1,155,000
Fund Balance Ending of Year	\$3,066,794	\$2,897,640	\$3,116,669	\$2,127,185	\$2,223,869

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
TRUST FUND
Statements of Assets, Liabilities, and Reserves --
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS					
Cash	\$1,497,486	\$1,325,789	\$1,173,188	\$848,217	\$762,919
Due from State of New Jersey			19	5	
Due from Bank	7,272	7,272	2,753		
Community Development Block Grant Receivable	64,000				
Other Accounts Receivable	125	125	125	125	125
Total Assets	\$1,568,883	\$1,333,186	\$1,176,085	\$848,346	\$763,044
LIABILITIES, AND RESERVES					
Interfund Loans Payable	\$9,903	\$4,324	\$32,914	\$56,783	\$48,052
Other Liabilities and Reserve for Special Funds	1,558,979	1,328,862	1,143,171	791,564	714,992
Total Liabilities and Reserves	\$1,568,883	\$1,333,186	\$1,176,085	\$848,346	\$763,044

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS					
Cash	\$95,146	\$2,859,450	\$1,100,296	\$118,575	\$324,357
Deferred Charges to Future Taxation:					
Funded	4,589,401	5,394,808	6,304,812	7,178,870	8,028,883
Unfunded	10,947,771	9,709,000	5,909,000	4,940,000	2,816,750
Interfunds Receivable			103,731	107,925	107,925
Other Accounts Receivable	298,901	50,000	100,000		
	<hr/>				
Total Assets	\$15,931,220	\$18,013,258	\$13,517,840	\$12,345,370	\$11,277,915
	<hr/>				
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$3,920,000	\$4,665,000	\$5,515,536	\$6,331,044	\$7,123,408
Bond Anticipation Notes	4,769,000	4,769,000	2,100,000		
State of New Jersey Green Acres Loan	669,401	729,808	789,276	847,826	905,475
Improvement Authorizations:					
Funded		193,899	263,957	226,287	280,342
Unfunded	2,672,619	4,948,659	4,208,224	4,477,454	2,603,017
Reserve for Encumbrances	1,220,392	2,692,157	626,104		
Reserve for Donations	2,041	2,041	2,041		
Interfunds Payable	2,453,825		7	378,843	46,763
Capital Improvement Fund	21,471	1,601	1,601	2,601	64,351
Other Liabilities and Reserve for Special Funds				70,222	243,466
Fund Balance	202,472	11,094	11,094	11,094	11,094
	<hr/>				
Total Liabilities, Reserves and Fund Balance	\$15,931,220	\$18,013,258	\$13,517,840	\$12,345,370	\$11,277,915
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The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS					
Operating Fund:					
Cash	\$856,990	\$740,070	\$1,439,344	\$227,935	\$53,776
Interfunds Receivable	1,785,133	1,784,752	1,307,213	1,914,368	1,949,837
Receivables with Full Reserves:					
Consumer Accounts Receivable	105,485	143,847	87,379	456,735	554,652
Liens Receivable	58,288	40,096	53,562	88,734	178,202
Miscellaneous Accounts Receivable			10,115		
Total Operating Fund	2,805,896	2,708,765	2,897,612	2,687,773	2,736,466
Capital Fund:					
Cash	427,680	293,692	100,803	546,528	23,044
Interfunds Receivable	2,450,000		161,134	161,789	161,789
Fixed Capital	26,060,861	20,222,209	20,222,209	20,222,209	20,222,209
Fixed Capital Authorized and Uncompleted	8,197,081	13,669,212	13,379,212	12,879,212	12,279,212
Amount Due from New Jersey EIT		2,760,474	2,760,474	155,591	2,512,010
Total Capital Fund	37,135,621	36,945,587	36,623,832	33,965,328	35,198,263
Total Assets	\$39,941,517	\$39,654,352	\$39,521,444	\$36,653,101	\$37,934,730

(Continued)

CITY OF WOODBURY
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves	\$373,021	\$208,472	\$332,281	\$341,697	\$22,135
Accounts Payable	40,021	32,855	373	616	1,775
Accrued Interest on Bonds and Notes	87,093	93,532	100,412	88,174	96,483
Overpayments	9,674	36,093	72,268	18,450	16,650
Prepaid Rents	3,021	4,352	8,289		
Reserve for Payment of Debt Service	23,969	13,444			
Interfunds Payable					3,401
Reserve for Encumbrances	117,073	79,543	45,130	5,068	175,025
Reserve for Receivables and Other Assets	163,773	183,943	140,941	545,469	732,854
Fund Balance	1,988,250	2,056,531	2,197,917	1,688,297	1,688,143
Total Operating Fund	2,805,896	2,708,765	2,897,612	2,687,773	2,736,466
Capital Fund:					
Serial Bonds	5,465,000	6,075,000	6,914,492	7,748,956	8,581,592
Bond Anticipation Notes	2,531,000	2,631,000	2,400,000		
NJEIT Loan Payable	4,365,900	4,755,199	5,012,303	2,591,398	2,729,128
Interfunds Payable	1,783,553	1,783,173	1,307,213	2,382,897	1,949,837
Reserve for Encumbrances	81,119	137,276	32,051	1,510,340	13,280
Improvement Authorizations:					
Funded	340,705	1,308,800	1,434,466	1,522,355	1,628,135
Unfunded	179,335	446,358	830,121	553,639	3,629,914
Reserve for Payment of Bond Anticipation Notes	744,825				
Reserve for Amortization	20,418,753	19,342,380	18,245,785	17,227,342	16,256,977
Deferred Reserve for Amortization	191,575	295,844	295,844	295,844	295,844
Capital Improvement Fund	244,105	144,105	125,105	106,105	87,105
Fund Balance	789,751	26,452	26,452	26,452	26,452
Total Capital Fund	37,135,621	36,945,587	36,623,832	33,965,328	35,198,263
Total Liabilities, Reserves and Fund Balance	\$39,941,517	\$39,654,352	\$39,521,444	\$36,653,101	\$37,934,730

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
WATER AND SEWER UTILITY FUND
Statements of Operations and Changes in Fund Balance--
Regulatory Basis

	Years Ended December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue Realized:					
Fund Balance Utilized	\$400,000	\$400,000	\$490,000	\$400,000	\$458,000
Rents	5,253,916	5,219,497	5,662,410	5,359,324	5,289,288
Miscellaneous Revenue Anticipated	32,360	21,937	58,320	60,133	72,666
Miscellaneous Revenue Not Anticipated	26,599	4,887	17,827	15,475	69,189
Reserve for Debt Service	13,444				
Other Credits to Income	64,633	291,392	281,343	10,669	160,052
Total Income	5,790,952	5,937,713	6,509,899	5,845,600	6,049,196
Expenditures:					
Operating	3,867,000	3,837,000	3,934,000	3,938,000	4,037,000
Capital Improvements	100,000	19,000	19,000	19,000	19,000
Debt Service	1,310,233	1,452,099	1,378,779	1,312,446	1,344,597
Deferred Charges & Statutory Expenditures	182,000	171,000	178,500	176,000	165,856
Total Expenditures	5,459,233	5,479,099	5,510,279	5,445,446	5,566,452
Statutory Excess to Fund Balance	331,719	458,614	999,620	400,154	482,743
Fund Balance January 1	2,056,531	2,197,917	1,688,297	1,688,143	1,663,400
	2,388,250	2,656,531	2,687,917	2,088,297	2,146,143
Decreased by:					
Utilized by Water-Sewer Operating Budget	400,000	400,000	490,000	400,000	458,000
Utilized by Current Fund Budget		200,000			
Fund Balance December 31	\$1,988,250	\$2,056,531	\$2,197,917	\$1,688,297	\$1,688,143

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF WOODBURY
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Woodbury (hereafter referred to as the "City") was incorporated in January, 1871 and is located in southwest New Jersey approximately ten miles southeast of the City of Philadelphia. The population according to the 2010 census is 10,174.

The City has a form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the City Administrator, Deputy City Administrator and City Clerk.

Component Units - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the City, the primary government:

Woodbury Public Library
33 Delaware Street
Woodbury, New Jersey 08096

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the City contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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 respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the "Requirements", the City accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Water - Sewer Utility Operating and Capital Funds - The water - sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The City must adopt an annual budget for its current and water-sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the City's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and water-sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Gloucester and the City of Woodbury School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the City of Woodbury School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the City adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the City was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the City.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected 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 agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds would be classified as uninsured and uncollateralized.

As of December 31, 2015, all of the City's bank balances of \$7,051,803.46 were insured by FDIC and GUDPA.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u> *	<u>2011</u>
Tax Rate	\$ 4.449	\$ 4.379	\$ 4.317	\$ 4.112	\$ 6.626
Apportionment of Tax Rate:					
Municipal	\$ 1.469	\$ 1.469	\$ 1.463	\$ 1.456	\$ 2.402
Municipal Library	.035	.036	.037	.033	-
County	.644	.628	.612	.525	.910
County Open Space Preservation Trust Fund	.044	.044	.045	.042	.073
Local School	2.257	2.202	2.160	2.056	3.241

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2015	\$ 587,653,054.00
2014	591,432,151.00
2013	598,627,820.00
2012 *	617,876,477.00
2011	374,110,986.00

* - Revaluation

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 26,206,867.00	\$ 25,150,909.32	95.97%
2014	25,940,870.68	24,815,524.55	95.66%
2013	25,872,195.67	24,877,429.29	96.16%
2012	25,424,962.76	24,492,971.10	96.33%
2011	24,803,651.30	23,860,802.99	96.20%

Note 3: PROPERTY TAXES (CONT'D)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 524,214.20	\$ 799,009.89	\$ 1,323,224.09	5.05%
2014	448,908.84	942,173.92	1,391,082.76	5.36%
2013	389,261.13	814,471.48	1,203,732.61	4.65%
2012	341,900.61	876,662.81	1,218,563.42	4.79%
2011	1,054,532.72	837,615.64	1,892,148.36	7.63%

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 429,700.00
2014	429,700.00
2013	429,700.00
2012	429,700.00
2011	429,700.00

Note 5: WATER-SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of water-sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2015	\$ 143,847.35	\$ 40,096.14	\$ 5,231,588.59	\$ 5,415,532.08	\$ 5,253,915.75
2014	87,378.74	53,562.32	5,290,008.46	5,430,949.52	5,069,179.82
2013	456,735.42	88,733.90	5,306,866.92	5,852,336.24	5,651,554.36
2012	554,651.61	178,202.13	5,265,455.15	5,998,308.89	5,436,189.39
2011	533,367.08	175,076.33	5,313,698.58	6,022,141.99	5,289,288.25

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2015	\$ 3,066,794.49	\$ 1,080,000.00	35.22%
2014	2,699,219.50	975,000.00	36.12%
2013	3,116,668.67	1,000,000.00	32.09%
2012	2,127,184.93	1,000,000.00	47.01%
2011	2,223,868.98	1,000,000.00	44.97%

Water - Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2015	\$ 1,988,250.25	\$ 400,000.00	20.12%
2014	2,056,531.43	400,000.00	19.45%
2013	2,197,917.32	600,000.00	27.30%
2012	1,688,297.16	490,000.00	29.02%
2011	1,688,143.08	400,000.00	23.69%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 13,728.09	\$ 29,836.26
Federal and State Grant	28,257.13	
Trust - Animal Control		7,435.96
Trust - Other		2,467.18
General Capital		2,453,824.95
Water - Sewer Utility - Operating	1,785,132.52	
Water - Sewer Utility - Capital	2,450,000.00	1,783,553.39
	<u>\$ 4,277,117.74</u>	<u>\$ 4,277,117.74</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2016, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the City's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several City employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the City, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the City. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The City's contractually required contribution rate for the year ended December 31, 2015 was 13.93% of the City's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the City's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$330,784.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2014, the City's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$334,008.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$167,743.92.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - *Special Funding Situation Component* - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The City's contractually required contribution rate for the year ended December 31, 2015 was 26.67% of the City's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2015, the City's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$675,490.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2014, the City's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$661,902.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$259,134.60.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the year ended December 31, 2015 was 2.50% of the City's covered-employee payroll.

Based on the most recent PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2015 is \$63,189.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2014 was \$48,470.00, which was paid on April 1, 2015.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the City contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2015, employee contributions totaled \$8,142.75, and the City's contributions were \$4,439.48. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2015, the City's proportionate share of the PERS net pension liability was \$8,636,924.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the City's proportion was 0.0384752545% which was a decrease of 0.0020407382% from its proportion measured as of June 30, 2014.

At December 31, 2015, the City's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$512,203.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the City's contributions to PERS were \$334,008.00, and were paid on April 1, 2015.

Police and Firemen's Retirement System - At December 31, 2015, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	\$ 13,841,788.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	<u>1,213,878.00</u>
	<u>\$ 15,055,666.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2015 measurement date, the City's proportion was 0.0831013469%, which was a decrease of 0.0030760593% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the City, was 0.0831013469%, which was a decrease of 0.0030760593% from its proportion, on-behalf of the City, measured as of June 30, 2014.

At December 31, 2015, the City's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$1,152,528.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the City's contributions to PFRS were \$661,902.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the City, calculated by the plan as of the June 30, 2015 measurement date is \$151,414.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2015, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 206,047.00	\$ -	\$ 206,047.00	\$ -	\$ 119,390.00	\$ 119,390.00
Changes of Assumptions	927,537.00	2,555,538.00	3,483,075.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	138,865.00	240,904.00	379,769.00
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	63,492.00	136,084.00	199,576.00	324,159.00	337,414.00	661,573.00
City Contributions Subsequent to the Measurement Date	165,392.00	337,745.00	503,137.00	-	-	-
	<u>\$ 1,362,468.00</u>	<u>\$ 3,029,367.00</u>	<u>\$ 4,391,835.00</u>	<u>\$ 463,024.00</u>	<u>\$ 697,708.00</u>	<u>\$ 1,160,732.00</u>

\$165,392.00 and \$337,745.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the City's year end of December 31, 2015.

Note 8: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The City will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 127,495.00	\$ 375,409.00	\$ 502,904.00
2017	127,495.00	375,409.00	502,904.00
2018	127,497.00	375,411.00	502,908.00
2019	240,512.00	651,963.00	892,475.00
2020	111,053.00	215,722.00	326,775.00
	<u>\$ 734,052.00</u>	<u>\$ 1,993,914.00</u>	<u>\$ 2,727,966.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PFRS, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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 PERS's and PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of 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 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the City's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
City's Proportionate Share of the Net Pension Liability	<u>\$ 10,734,639.00</u>	<u>\$ 8,636,924.00</u>	<u>\$ 6,878,214.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the City's annual required contribution. As such, the net pension liability as of June 30, 2015, the plans measurement date, for the City and the State of New Jersey, calculated using a discount rate of 5.79%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 18,247,871.00	\$ 13,841,788.00	\$ 10,249,021.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	<u>1,600,277.00</u>	<u>1,213,878.00</u>	<u>898,804.00</u>
	<u>\$ 19,848,148.00</u>	<u>\$ 15,055,666.00</u>	<u>\$ 11,147,825.00</u>

Note 8: PENSION PLANS (CONT'D)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Supplementary Pension Information

In accordance with GASB 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the City's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.0384752545%	0.0405159927%	0.0400341310%
City's Proportionate Share of the Net Pension Liability	\$ 8,636,924.00	\$ 7,585,702.00	\$ 7,651,318.00
City's Covered-Employee Payroll	\$ 2,659,060.00	\$ 2,739,728.00	\$ 2,812,020.00
City's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	324.81%	276.88%	272.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 330,784.00	\$ 334,008.00	\$ 301,649.00
City's Contribution in Relation to the Contractually Required Contribution	(330,784.00)	(334,008.00)	(301,649.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 2,373,870.00	\$ 2,613,991.00	\$ 2,702,834.00
City's Contributions as a Percentage of it's Covered-Employee Payroll	13.93%	12.78%	11.16%

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the City's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.0831013469%	0.0861774062%	0.0846628071%
City's Proportionate Share of the Net Pension Liability	\$ 13,841,788.00	\$ 10,840,318.00	\$ 11,255,156.00
State's Proportionate Share of the Net Pension Liability associated with the City	<u>1,213,878.00</u>	<u>1,167,320.00</u>	<u>1,049,117.00</u>
Total	<u>\$ 15,055,666.00</u>	<u>\$ 12,007,638.00</u>	<u>\$ 12,304,273.00</u>
City's Covered-Employee Payroll	\$ 2,599,744.00	\$ 2,721,904.00	\$ 2,645,540.00
City's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	532.43%	398.26%	425.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Schedule of the City's Contributions - Police and Firemen's Retirement System (PFRS) (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 675,490.00	\$ 661,902.00	\$ 617,681.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(675,490.00)</u>	<u>(661,902.00)</u>	<u>(617,681.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 2,532,514.00	\$ 2,600,055.00	\$ 2,645,494.00
City's Contributions as a Percentage of it's Covered-Employee Payroll	26.67%	25.46%	23.35%

Note 8: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The City contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The 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. In 2013, the City authorized participation in the SHBP's post-retirement benefit program through resolution numbers 13-161, 13-162, 13-163 and 13-164.

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis. The City funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The City's contributions to SHBP for the years ended December 31, 2015 and 2014 were \$641,014.17 and \$546,465.42 respectively, which equaled the required contributions each year. There were approximately 57 retired participants eligible at December 31, 2015.

Note 10: COMPENSATED ABSENCES

Vacation days and unused sick leave may not be accumulated and carried forward to the subsequent year.

The City of Woodbury does not compensate employees for unused sick leave upon termination or retirement.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements.

Note 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2015</u>	<u>2016 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 55,057.00	\$ 55,057.00

The appropriation in the 2016 Budget as adopted is not less than that required by the statutes.

Note 13: CAPITAL DEBT

Long Term Loans - General Capital Fund

State of New Jersey Green Acres Assistance Loan Payable:

The City of Woodbury has entered into loan agreements with the State of New Jersey under the Green Acres Program. The loans shall be repaid in semi-annual installments over a period not to exceed 20 years. Interest shall accrue at a rate of not more than 2.00%.

	<u>Interest Rate</u>	<u>Original Amounts</u>	<u>Last Maturity Date</u>	<u>Balance Dec. 31, 2015</u>
Green Acres Assistance Loans	2.00%	\$ 1,166,000.00	2030	<u>\$ 669,401.32</u>

Long-Term Loans – Water-Sewer Utility Capital Fund

State of New Jersey Environmental Infrastructure Loan Payable:

The City of Woodbury entered into a loan agreements with the State of New Jersey Environmental Infrastructure Trust in 2010 and 2013. The loan consists of two parts- a Trust Loan repayable at market interest rates and a Fund Loan repayable with no interest.

	<u>Interest Rate</u>	<u>Last Maturity Date</u>	<u>Amount Issued</u>	<u>Balance Dec. 31, 2015</u>
2013 Trust Loan	3% to 5%	2032	\$ 1,265,000.00	\$ 1,170,000.00
2013 Fund Loan	None	2032	1,339,883.00	1,154,885.53
2010 Trust Loan	4% to 5%	2029	725,000.00	590,000.00
2010 Fund Loan	None	2028	<u>2,217,010.00</u>	<u>1,451,014.52</u>
			<u>\$ 5,546,893.00</u>	<u>\$ 4,365,900.05</u>

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

<u>Year</u>	<u>General</u>		<u>Water-Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 770,000.00	\$ 166,565.00	\$ 615,000.00	\$ 213,437.50	\$ 1,765,002.50
2017	615,000.00	141,885.00	455,000.00	195,437.50	1,407,322.50
2018	265,000.00	115,805.00	480,000.00	177,237.50	1,038,042.50
2019	300,000.00	103,425.00	505,000.00	158,037.50	1,066,462.50
2020	315,000.00	89,405.00	530,000.00	137,837.50	1,072,242.50
2021-2025	1,655,000.00	203,732.50	1,880,000.00	395,587.50	4,134,320.00
2026-2029			<u>1,000,000.00</u>	<u>104,625.00</u>	<u>1,104,625.00</u>
	<u>\$ 3,920,000.00</u>	<u>\$ 820,817.50</u>	<u>\$ 5,465,000.00</u>	<u>\$ 1,382,200.00</u>	<u>\$ 11,588,017.50</u>

Note 13: CAPITAL DEBT (CONT'D)

Schedule of Annual Debt Service for Principal and Interest for Long-Term Loans

<u>Year</u>	<u>General</u>		<u>Water-Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 61,362.86	\$ 9,428.59	\$ 262,103.37	\$ 80,444.26	\$ 413,339.08
2017	62,338.58	8,452.87	267,103.37	72,757.13	410,651.95
2018	55,679.38	7,457.55	272,103.37	64,820.00	400,060.30
2019	48,809.75	6,672.64	272,103.37	60,870.00	388,455.76
2020	49,533.15	5,949.26	282,103.37	57,270.00	394,855.78
2021-2025	259,035.56	18,376.30	1,450,516.85	222,350.00	1,950,278.71
2026-2030	132,642.04	1,912.96	1,270,591.57	110,775.00	1,515,921.57
2031-2032			289,274.78	15,540.00	304,814.78
	<u>\$ 669,401.32</u>	<u>\$ 58,250.17</u>	<u>\$ 4,365,900.05</u>	<u>\$ 684,826.39</u>	<u>\$ 5,778,377.93</u>

The following schedule represents the City's summary of debt for the current and two previous years:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 9,358,401.32	\$ 10,163,807.70	\$ 8,404,812.45
Water - Sewer Utility:			
Bonds and Notes	12,361,900.05	13,461,199.42	14,344,694.79
Total Issued	<u>21,720,301.37</u>	<u>23,625,007.12</u>	<u>22,749,507.24</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	6,191,757.72	4,940,000.00	3,809,000.00
Water - Sewer Utility:			
Bonds and Notes	1,286,202.72	791,996.72	732,996.72
Total Authorized but not Issued	<u>7,477,960.44</u>	<u>5,731,996.72</u>	<u>4,541,996.72</u>
Total Issued and Authorized but not Issued	<u>29,198,261.81</u>	<u>29,357,003.84</u>	<u>27,291,503.96</u>
<u>Deductions</u>			
Cash Pledged to the Payment of Notes --			
General Fund	12,986.50		
Water-Sewer Utility	488.90		
Reserve for Payment of Bond			
Anticipation Notes - Utility Fund	744,825.00		
Self-Liquidating	12,902,788.87	14,253,196.14	15,077,691.51
Total Deductions	<u>13,661,089.27</u>	<u>14,253,196.14</u>	<u>15,077,691.51</u>
Net Debt	<u>\$ 15,537,172.54</u>	<u>\$ 15,103,807.70</u>	<u>\$ 12,213,812.45</u>

Note 13: CAPITAL DEBT (CONT'D)

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 indicated a statutory net debt of 2.492%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 6,155,000.00	\$ 6,155,000.00	
Water - Sewer Utility	13,648,102.77	13,648,102.77	
General	15,550,159.04	12,986.50	\$ 15,537,172.54
	<u>\$ 35,353,261.81</u>	<u>\$ 19,816,089.27</u>	<u>\$ 15,537,172.54</u>

Net debt \$15,537,172.54 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$623,434,779.33, equals 2.492%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 21,820,217.28
Less: Net Debt	<u>15,537,172.54</u>
Remaining Borrowing Power	<u>\$ 6,283,044.74</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 5,726,319.34
Deductions:	
Operating and Maintenance Costs	\$ 4,049,000.00
Debt Service	<u>1,310,233.14</u>
Total Deductions	<u>5,359,233.14</u>
Excess in Revenue	<u>\$ 367,086.20</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 14: RISK MANAGEMENT

The City 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 City maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

New Jersey Unemployment Compensation Insurance - The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State.

The following is a summary of City contributions, reimbursements to the State for benefits paid and the ending balance of the City's trust fund for the current and previous two years:

<u>Year</u>	<u>City Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 30,000.00	\$ 0.36	\$ 40,363.76	\$ 42,488.03
2014	30,000.00	35.41	43,844.48	52,851.43
2013	20,000.00	34.34	20,000.10	66,660.50

Joint Insurance Pool - The City is a member of the Gloucester, Salem and Cumberland County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

- General Liability
- Automobile Liability
- Property (Including Auto Physical Damage)
- Fidelity and Performance (Blanket)
- Boiler and Machinery
- Workers' Compensation
- Police Professional
- Public Officials and Employment Practices Liability (EPL)
- Motor Vehicles

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

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

Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund
P.O. Box 345
Voorhees, New Jersey 08043

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

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

Note 16: LENGTH OF SERVICE AWARDS PROGRAM

The City's Length of Service Awards Program (LOSAP) was created by a City resolution adopted on May 11, 1993 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The City also submitted notification on March 12, 1998 of a LOSAP program to the Division of Local Government Services for a program established prior to the 1997 provisions. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the City's financial statements.

As required by N.J.A.C. 5:30-14.49, the City must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Note 17: SUBSEQUENT EVENTS

Tax Appeals - As of December 31, 2015, several tax appeals were on file against the City. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the City, the estimated impact of the tax refunds could be material.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION



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June __, 2017

Mayor and City Council
of the City of Woodbury
33 Delaware Street
Woodbury, New Jersey

RE: \$14,800,000 CITY OF WOODBURY, COUNTY OF GLOUCESTER, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2017

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery by the City of Woodbury, County of Gloucester, New Jersey ("City") of \$14,800,000 aggregate principal amount of its General Obligation Bonds, Series 2017 ("Bonds"). The Bonds consist of: (i) \$10,335,000 General Improvement Bonds; and (ii) \$4,465,000 Water and Sewer Utility Bonds.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2181-13; 2194-13; 2203-14, 2125-10, 2146-11, as amended by 2169-12; 2163-12, as amended by 2188-13; 2228-15; 2233-15; 2249-16; 2101-09; 2130-11; 2164-12, as amended by 2172-12; 2182-13; 2204-14; 1917-01; 2222-14; 2229-15 and 2248-16, each duly and finally adopted by the City Council and published in accordance with the requirements of the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the City Council on May 9, 2017 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on May __, 2017 ("Award Certificate").

The Bonds are dated June __, 2017, mature on May 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable semi-annually on May 1 and November 1 in each year until maturity or earlier redemption, commencing on May 1, 2018.

COUNSEL WHEN IT MATTERS.SM

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



<u>Year</u>	<u>General Improvement</u>	<u>Water/Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Year</u>	<u>General Improvement</u>	<u>Water/Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>
2018	\$370,000	\$150,000	\$520,000	%	2028	\$735,000	\$220,000	\$955,000	%
2019	465,000	170,000	635,000		2029	735,000	230,000	965,000	
2020	475,000	175,000	650,000		2030	735,000	235,000	970,000	
2021	460,000	180,000	640,000		2031	735,000	245,000	980,000	
2022	500,000	185,000	685,000		2032	700,000	255,000	955,000	
2023	490,000	190,000	680,000		2033	735,000	260,000	995,000	
2024	505,000	195,000	700,000		2034	735,000	275,000	1,010,000	
2025	490,000	200,000	690,000		2035		285,000	285,000	
2026	735,000	210,000	945,000		2036		295,000	295,000	
2027	735,000	215,000	950,000		2037		295,000	295,000	

The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to their stated maturity dates on the terms and conditions described therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various capital improvements by the repayment at maturity of a portion of the principal of certain bond anticipation notes heretofore issued by the City; (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, a certification of officials of the City having the responsibility for issuing the Bonds given pursuant to the Code ("Non-Arbitrage Certificate") and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Bonds.

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

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

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

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



3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the Bonds, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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

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

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

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



modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

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

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of June, 2017 between the City of Woodbury, County of Gloucester, New Jersey ("City") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the City of its General Obligation Bonds, Series 2017, in the principal amount of \$14,800,000 ("Bonds"). The Bonds consist of: (i) \$10,335,000 General Improvement Bonds; and (ii) \$4,465,000 Water and Sewer Utility Bonds.

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

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

"Annual Report" shall mean, the City's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement

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

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Marlton, New Jersey, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the City dated May __, 2017 relating to the Bonds.

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

"Rule" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The City shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the City's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the City (commencing for the fiscal year ending December 31, 2017). Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the City, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the City fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the City advising of such failure. Whether or not such notice is given or received, if the City thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the City) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the City's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the City are included in the Annual Report; and (ii) the general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the City under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the

undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The City shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A failure of the City to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the City:
City of Woodbury
33 Delaware Street
Woodbury, New Jersey 08096
Attention: Chief Financial Officer
- (ii) If to the Dissemination Agent:
Acacia Financial Group, Inc.
601 Route 73 North, Suite 206
Marlton, New Jersey 08053

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The City shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the City or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

CITY OF WOODBURY, NEW JERSEY

By: _____
ROBERT LAW, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____
JENNIFER G. EDWARDS, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: City of Woodbury, County of Gloucester, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2017

Date of Issuance of the Affected
Bond Issue: June __, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated June __, 2017, between the City and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: City of Woodbury, New Jersey