

**NEW ISSUE  
BOOK-ENTRY ONLY****RATINGS:** (See "RATINGS" herein)

*In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the City of Camden (the "City") with certain covenants described herein, under current law, interest on the Refunding Bonds (as herein after defined) is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended ("Code"), for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences arising with respect to the Refunding Bonds. Further, in the opinion of Bond Counsel, under current law, interest on the Refunding Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**\$3,875,000\*****CITY OF CAMDEN****COUNTY OF CAMDEN, NEW JERSEY****QUALIFIED GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021****(Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act,****P.L. 1976, c.38, as amended)****(BOOK-ENTRY ONLY) (NON-CALLABLE) (BANK-QUALIFIED)****DATED:** Date of Delivery**DUE:** November 15, as shown on inside front cover

The \$3,875,000\* aggregate principal amount of Qualified General Obligation Refunding Bonds, Series 2021 (the "Refunding Bonds") are general obligations of the City of Camden, in the County of Camden, New Jersey (the "City") and shall be issued in fully registered book-entry-only form without coupons. The principal of the Refunding Bonds shall be paid on the respective maturity dates thereof as indicated on the inside front cover hereof upon presentation and surrender of the Refunding Bonds at the principal office of TD Bank, National Association, as bond registrar and paying agent (the "Paying Agent"). Interest on the Refunding Bonds is payable semiannually on November 15 and May 15 ("Interest Payment Dates"), commencing May 15, 2022, in each year until maturity. The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

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

The Refunding Bonds are authorized and issued under and pursuant to the Local Bond Law of the State of New Jersey constituting Chapter 169 of the Laws of 1960, effective January 15, 1962, as amended, Ordinance No. MC-5345 of the City, finally adopted by the City Council on June 10, 2021 and duly approved and published as required by law, and the bond resolution of the City Council of the City duly adopted on June 10, 2021 authorizing the issuance and sale of the Refunding Bonds (the "Resolution").

The proceeds of the Refunding Bonds will be used to: (i) currently refund the outstanding callable principal amount of the City's originally issued \$8,000,000 Qualified General Obligation Bonds, Series 2014, dated July 15, 2014, maturing on November 15 in the years 2022 through and including 2028 in the aggregate principal amount of \$4,230,000 (the "Refunded Bonds"), (ii) pay interest accrued and to accrue on the Refunded Bonds to the Redemption Date (as defined herein); and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds. The Refunding Bonds are general obligations of the City and, unless paid from other sources, are payable as to principal and interest from ad valorem taxes to be levied upon all taxable property in the City without limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT" herein.

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

*The Refunding Bonds are offered when, as and if issued and delivered to the Underwriter (as hereinafter defined), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its City Attorney, Michelle Banks-Spearman, Esquire, Camden, New Jersey, for the Underwriter by its Counsel, Fleishman-Daniels Law Offices, Linwood, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the City in connection with the issuance of the Refunding Bonds. It is expected that the Refunding Bonds will be available for delivery to DTC on or about December 23, 2021.*

**OPPENHEIMER & CO.**

\*Preliminary, subject to change.

**\$3,875,000\***  
**CITY OF CAMDEN**  
**QUALIFIED GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**  
**COUNTY OF CAMDEN, NEW JERSEY**  
**(Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act,**  
**P.L. 1976, c.38, as amended)**

**MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS\*\***

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2022	\$505,000	%	%	133051
2023	505,000			133051
2024	530,000			133051
2025	550,000			133051
2026	570,000			133051
2027	595,000			133051
2028	620,000			133051

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\*Preliminary, subject to change.

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of holders only at the time of issuance of the Refunding Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Refunding Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Refunding Bonds.

**CITY OF CAMDEN  
COUNTY OF CAMDEN, NEW JERSEY**

**Mayor and City Council**

Victor Carstarphen	Mayor
Curtis Jenkins	President
Marilyn Torres	Vice President
Shaneka Boucher	Councilwoman
Christopher Collins	Councilman
Felisha Reyes-Morton	Councilwoman
Angel Fuentes	Councilmember
Sheila Davis	Councilmember

**Acting Business Administrator**

Marc Riondino, Esq.

**Director of Finance/Chief Financial Officer**

Johanna S. Conyer-Harris

**Municipal Clerk & Registrar**

Luis Pastoriza, M.S.M., R.M.C., C.M.R.

**City Attorney**

Michelle Banks-Spearman, Esq.

**Auditor**

Bowman & Company LLP  
Voorhees, New Jersey

**Bond Counsel**

DeCotiis, FitzPatrick, Cole & Giblin, LLP  
Paramus, New Jersey

**Municipal Advisor**

Phoenix Advisors, LLC  
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Refunding Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. The information contained herein has been obtained from the City, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of 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 made 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, ordinances, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the City during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the City from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Refunding Bonds described herein that has been "deemed final" as of the date hereof (or of any such supplement or amendment) by the City.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Refunding Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the City or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, has not participated in the preparation of the financial statements or statistical or demographic information contained in this official statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE REFUNDING BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THE PRELIMINARY OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT**  
**OF THE**  
**CITY OF CAMDEN**  
**IN THE COUNTY OF CAMDEN, NEW JERSEY**

**\$3,875,000\* QUALIFIED GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**  
**(Qualified Pursuant to the Provisions of the Municipal Qualified Bond Act,**  
**P.L. 1976, c.38, as amended)**

**INTRODUCTION**

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the City of Camden (the "City"), in the County of Camden (the "County"), State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance by the City of its \$3,875,000\* Qualified General Obligation Refunding Bonds, Series 2021 (the "Refunding Bonds"), dated the date of delivery thereof.

This Official Statement has been "deemed final" as of its date by the City, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

**THE REFUNDING BONDS**

**General Description**

The Refunding Bonds will be issued in the aggregate principal amount of \$3,875,000\*, will be dated their date of issuance and bear interest from that date at the rates set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on November 15 and May 15 ("Interest Payment Dates"), commencing on May 15, 2022, in each year until maturity. The Refunding Bonds will mature on November 15 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. The Refunding Bonds are not subject to redemption prior to maturity.

The Refunding Bonds will be issued in fully registered book-entry only form without coupons in the principal denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. The principal of the Refunding Bonds will be payable to the registered owners thereof at maturity upon presentation and surrender of the Refunding Bonds at the offices of TD Bank, National Association, Cherry Hill, New Jersey, as bond registrar and paying agent ("Paying Agent"). Interest on each Refunding Bond shall be payable on each Interest Payment Date of such Refunding Bond to the registered owner of record thereof appearing on the registration books kept by the Paying Agent for such purpose at the offices of the Paying Agent as of the close of business on the first day of the month containing each Interest Payment Date ("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 Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made by the duly designated Paying Agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Refunding Bonds. Disbursements of such payments to the DTC Participants ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Refunding Bonds is the responsibility of the DTC Participants and not the City. See "THE REFUNDING BONDS - Book-Entry Only System" herein.

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\*Preliminary, subject to change.

## **BOND INSURANCE**

The Refunding Bonds or certain maturities thereof may or may not be issued with bond insurance, and the decision whether to use bond insurance on all or a portion of the Refunding Bonds will be subject to market conditions at the time of pricing of the Refunding Bonds.

## **ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds.

Sources of Funds:

Par Amount of Refunding Bonds	\$
[Plus: Original Issue Premium]	
Transferred Proceeds of the Refunded Bonds	
Total Sources of Funds:	<u>\$</u>

Uses of Funds:

Deposit to Escrow Fund	\$
Costs of Issuance (1)	
Underwriter's Discount	
Total Uses of Funds	<u>\$</u>

(1) Includes, inter alia, legal fees, municipal advisor fees, accounting fees, verification agent, bond insurance, printing costs, rating agency's fees, escrow agent, rounding amount, additional proceeds and miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds.

## **BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Refunding Bonds, payment of principal and interest and other payments on the Refunding Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Refunding Bonds and other related transactions by and between DTC, Direct 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.

DTC will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered Refunding Bonds 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 Refunding Bonds, in the principal amount of each such maturities, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of a Refunding Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Refunding 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 Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding 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 Refunding 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 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding 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. Beneficial Owners of Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Refunding Bonds may wish to ascertain that the nominee holding the Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Payments on the Refunding Bonds 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 Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its

nominee, or the City as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 Refunding Bonds at any time by giving reasonable notice to the City as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates will be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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

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

#### **Discontinuation of Book-Entry Only System**

If the City, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Refunding Bonds at any time, the City will attempt to locate another qualified Securities Depository. If the City fails to find such Securities Depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the City shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Refunding Bonds is discontinued upon receipt of the Refunding Bond certificates from DTC and the Participant information, the City will authenticate (or cause to be authenticated) and deliver definitive Refunding Bonds to the holders thereof, and the principal of and interest on the Refunding Bonds will be payable and the Refunding Bonds may thereafter be transferred or exchanged in the manner described in the bond certificates so provided.

### **AUTHORIZATION AND PURPOSE OF THE REFUNDING BONDS**

The Refunding Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), a refunding bond ordinance of the City finally adopted on June 10, 2021 and by a resolution duly adopted by the City on June 10, 2021 (the "Resolution").

The proceeds of the Refunding Bonds (together with other funds of the City) will be used to: (i) refund at par (the "Redemption Price") on or about January 27, 2022 (the "Redemption Date") the outstanding callable principal amount of the City's originally issued \$8,000,000 Qualified General Obligation Bonds, Series 2014, dated July 15, 2014 and maturing on November 15 in the years 2022 through and including 2028 in the aggregate principal

amount of \$4,230,000 (the "Refunded Bonds"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the City and TD Bank, National Association, Cherry Hill, New Jersey, as escrow agent ("Escrow Agent"), the City will irrevocably deposit either Refunding Bond proceeds in the amount necessary to accomplish the refunding or direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), together with other funds of the City, with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, together with either Refunding Bond proceeds and/or other funds of the City, as applicable, sufficient moneys will be available to make full and timely payment of the Redemption Price of and interest on the Refunded Bonds on the Redemption Date.

## **SECURITY AND SOURCE OF PAYMENT**

### **General**

The Refunding Bonds are valid and legally binding general obligations of the City, and the City has pledged its full faith and credit for the payment of the principal of and interest on the Refunding Bonds. The Refunding Bonds are direct obligations of the City and, unless paid from other sources, the City is required by law to levy *ad valorem* taxes upon all the taxable property with the City for the payment of the principal of and interest on the Refunding Bonds without limitation as to rate or amount.

### **Municipal Qualified Bond Act**

In addition to being secured by the pledge of the City's full faith and credit, the Refunding Bonds are entitled to the benefits of the Municipal Qualified Bond Act, P.L. 1976, c. 38, as amended (the "Municipal Qualified Bond Act"). Pursuant to the Municipal Qualified Bond Act, a portion of certain State aid allocated to the City, in amounts sufficient to pay debt service on such bonds, is to be withheld by the State Treasurer and forwarded to the Paying Agent on or before the principal and interest payment dates for such bonds for deposit into accounts established for the purpose of paying debt service on such bonds.

Pursuant to the provisions of the Municipal Qualified Bond Act, the City shall certify to the State Treasurer the name and address of the Paying Agent, maturity schedule, interest rate or rates and dates of payment of debt service on any Qualified Bonds within ten (10) days after the issuance thereof. After receipt of such certificate, the State Treasurer is required to withhold with respect to such bonds from the amount of business and personal property tax replacement revenues, State urban aid, State revenue sharing, gross receipts tax revenues (now known as "energy receipts" tax revenues), municipal purposes tax assistance fund distributions and certain other funds appropriated as State aid payable to the City and not dedicated to a specific purpose by the State (the "municipal qualified revenues") an amount which will be sufficient to pay debt service on such bonds as it becomes due. Municipal qualified revenues do not include Aid to Distressed Cities.

The Municipal Qualified Bond Act provides that the municipal qualified revenues so withheld and paid or to be paid to and held by the Paying Agent are deemed to be held in trust and exempt from being levied upon, taken, sequestered or applied toward paying the debts of the City other than the payment of debt service on any such Qualified Bonds of the City issued for municipal purposes (including fiscal year adjustment or pension obligation purposes) or water utility purposes and entitled to the benefits of the Municipal Qualified Bond Act.

The Municipal Qualified Bond Act does not relieve the City of its obligation to include in its annual budget amounts necessary to pay, in each year, the principal of and interest coming due on any such Qualified Bonds. However, such budgeted amounts may be applied to the payment of operating expenses of the City for the then current year to the extent that appropriated amounts have been withheld from the municipal qualified revenues payable to the City and have been forwarded to the Paying Agent. Such budgeted amounts must be used to pay debt service becoming due on any such Qualified Bonds of the City issued for municipal purposes (including fiscal year adjustment or pension

obligation purposes) or water utility purposes and entitled to the benefits of the Municipal Qualified Bond Act in any year in which sufficient municipal qualified revenues are not appropriated.

The State has covenanted in the Municipal Qualified Bond Act with the holders of bonds entitled to the benefits of such act, that it will not repeal, revoke, rescind, modify or amend the provisions of such act providing for the withholding of municipal qualified revenues and payment of such revenues to the Paying Agent for such bonds so as to create any lien or charge on or pledge, assignment, diversion, withholding payment or other use of or deduction from such revenues which is prior in time or superior in right to the payment of debt service on such bonds.

The Municipal Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to the Paying Agent will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State Legislature. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore or hereafter enacted for the payment or apportionment of such amounts or in the manner, time or amount thereof. Further, the amount payable to the Paying Agent does not constitute an additional source of revenues available to the City.

The City received a total of \$123,386,963 municipal qualified revenues appropriated by the State to the City in the six (6) month transition year ended December 31, 2020. This amount consisted of \$56,566,903 in Consolidated Municipal Property Tax Relief Aid revenue, \$22,300,000 in Transitional Aid revenue and \$44,520,060 in Energy Receipt Tax revenue.

### **MARKET PROTECTION**

The City does not anticipate issuing any additional bonds or bond anticipation notes in the next ninety (90) days.

### **NO DEFAULT**

The City has never defaulted in the payment of debt service on any bonds or notes.

### **CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

#### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the City are general full faith and credit obligations.

#### **The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six (6) months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

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. The City's December 31, 2020 Annual Financial Statement was filed by the Chief Financial Officer on August 18, 2021.

The annual audit report for fiscal year ended June 30, 2020 is filed with the City Clerk and is available for review during business hours.

### **Debt Limits (N.J.S.A 40A:2-6)**

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three (3) years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Bonds, notes and long-term loans are included in the computation of debt for statutory debt limit purposes as of December 31, 2020. The City's debt limit, including the issuance of the Refunding Bonds, is one and eight hundredth fifty-seven thousandths (1.857%), which is below the statutory debt limit of 3.5%. The City's December 31, 2020 Annual Debt Statement was filed by the Chief Financial Officer on April 5, 2021.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

### **Exceptions to Debt Limits-Extensions of Credit**

The debt limit of the City may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the City must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the City to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain bonds and notes, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

### **Short-Term Financing**

The City may issue short term "bond anticipations notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes, which are general obligations of the City, may be issued for a period not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of outstanding notes that may be renewed is decreased by the minimum amount required for the first year's principal payment of bonds in anticipation of which such notes are issued.

### **School Debt Subject to Voter Approval**

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit by using the available borrowing capacity of the City. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the City, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters. The City's School District has not used City available borrowing capacity.

## MUNICIPAL BUDGET

Pursuant to the Local Budget Law N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"), the City is required to have a balanced budget in which debt service is included in full for each fiscal year.

### **The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the New Jersey local finance system is the annual cash basis budget. The City must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10). The City adopted its fiscal year 2021 budget on October 19, 2021.

The principal sources of City revenues are state aid, real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

The City has no tax anticipation notes issued and outstanding.

### **Real Estate Taxes**

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law 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."

The provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

#### Levy Required to Balance Budget

Prior Year's Percentage of Current = Total Taxes to be Levied  
Tax Collections (or lesser %)

### **Miscellaneous Revenues**

Section 26 of the Local Budget Law provides: "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 Director 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." No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10). The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

### **Limitations on Municipal Appropriations and Tax Levy**

The New Jersey "Cap Law" (the "Cap Law") (N.J.S.A. 40A:4-45.1 et seq.) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two and one-half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two and one-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three and one-half percent (3.5%) over the previous year's final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored "cap" banking to the Local Budget Law. Municipalities are permitted to appropriate available "cap bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "cap".

Additionally, P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget "cap" and the tax levy limitation. Neither the tax levy limitation nor the "Cap" Law, however, limits the obligation of a county or a municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local school district, regional school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located with the special districts.

Tax bills are mailed annually in June by the City's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes are due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

### **Tax Appeals**

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 in each year for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

### **Deferral of Current Expense**

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained. The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three (3) years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities, which may be amortized over five years.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

### **Fiscal Year**

The City's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. Effective January 1, 2021, the City has changed from a State fiscal year to a calendar year.

### **Budget Process**

Primary responsibility for the City's budget process lies with the City Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the City operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the



temporary budget, the City may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made. The City adopted its calendar year 2021 budget on October 19, 2021.

## TAX MATTERS

The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Refunding Bonds under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Refunding Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Refunding Bonds. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Refunding Bonds, assuming continuing compliance by the City with certain covenants described herein, under current law, interest on the Refunding Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the ownership of the Refunding Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Refunding Bonds in order to assure that the interest on the Refunding Bonds will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Refunding Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Refunding Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The City has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Refunding Bonds will be and will remain excluded from gross income for federal income tax purposes. The City will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Refunding Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the City. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Refunding Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Refunding Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Refunding Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Refunding Bonds.

**Bank Qualification.** The Refunding Bonds will be designated as qualified under Section 265 of the Code by the City for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

**Branch Profits Tax.** Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Refunding 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 for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt obligations, such as the Refunding Bonds, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Refunding Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Refunding Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal obligations is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Refunding Bonds involving either the Refunding Bonds or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Refunding Bonds.

**ALL POTENTIAL PURCHASERS OF THE REFUNDING BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

## **LITIGATION**

To the knowledge of the City Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Refunding Bonds, the levy or the collection of any taxes to pay the principal of or the interest on the Refunding Bonds or in any manner questioning the authority or the proceedings for the issuance of the Refunding Bonds or for the levy or the collection of the taxes, affecting the validity of the Refunding Bonds or 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 of the City to their respective offices.

Additionally, there is at present no single action pending or threatened against the City which would impose an undue financial burden on the City. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The City is a party-defendant in certain law suits, none of a kind unusual for a City of its size, and none of which, in the opinion of the City Attorney, would adversely impair the City's ability to pay its Bondholders. The majority of the City's tort actions are being defended by experienced in-house counsel. A very small number of the City's tort actions are being defended by Camden County Joint Insurance Fund counsel. Pending municipal real estate tax appeals are limited in number. The City would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets or fund balance. Such resolution would not in any way endanger the City's ability to pay its Bondholders.

## **THE FEDERAL BANKRUPTCY ACT**

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits any political subdivision, public agency, or instrumentality of a state that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured

by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

**The above references to the Federal Bankruptcy Act are not to be construed as an indication that the City expects to resort to the provisions of the Federal Bankruptcy Act or that, if it did, such action would be approved by the Local Finance Board, or how any proposed plan would affect the source of payment of and security for the Refunding Bonds.**

#### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, sale, issuance and delivery of the Refunding Bonds are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, Bond Counsel to the City, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the City by its Counsel, Michelle Banks-Spearman, Esq., Camden, New Jersey, and for the Underwriter by its Counsel, Fleishman-Daniels Law Offices, Linwood, New Jersey.

#### **RISK TO HOLDERS OF REFUNDING BONDS**

It is understood that the rights of the holders of the Refunding Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the arithmetic computations supporting the conclusion that the proceeds of the Refunding Bonds together with other funds of the City that will be deposited in the Escrow Fund, as applicable, are sufficient to pay the Redemption Price on the Redemption Date and interest on the Refunded Bonds up to the Redemption Date will be independently verified by Bowman & Company LLP, certified public accountants, Voorhees, New Jersey.

## **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the City by no later than two hundred and seventy (270) days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report or the event notices is set forth in "APPENDIX D – Form of Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5)(the "Rule").

In the event that the City fails to comply with the above-described undertaking and covenants, the City shall not be liable for any monetary damages, the remedy of the beneficial owners of the Refunding Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the City from time to time, without the consent of the Bondholders or the beneficial owners of the Refunding Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

Within the five (5) years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal year ended December 31, 2020; and (ii) operating data for the fiscal year ended December 31, 2020. In 2020, the City changed its fiscal year-end from June 30 to December 31 and failed to provide its transition year financial information by September 27, 2021 as required. The City filed its transition year financial information on September 28, 2021. A notice of late filing was filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA") on September 29, 2021. The City appointed Phoenix Advisors, LLC, Bordentown, New Jersey in December of 2015 to serve as continuing disclosure agent.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the City with respect to the issuance of the Refunding Bonds (the "Municipal Advisor"). The Municipal 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 this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **FINANCIAL STATEMENTS**

Appendix "B" to this Official Statement contains (a) compiled financial statements of the City for the six month transition period ended December 31, 2020 and (b) audited financial statements of the City for the fiscal years ending June 30, 2020, 2019, 2018, 2017 and 2016. 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 2020 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Director of Finance of the City.

## COVID-19 RISK FACTORS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the “Governor”) of the State of New Jersey declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which had spread throughout the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. The declaration of the state of emergency and a public health emergency has been lifted by the Governor and officially expired 30 days from June 4, 2021 (although the Governor retains the authority to issue orders and waivers under the Emergency Health Powers Act through January 11, 2022). See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor’s various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): Specifically, Chapter 74 authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Governmental Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. While the City has authorized special emergency appropriations and special emergency notes to fund such appropriations to cover expenses and deficits in prior years and has received approval to extend the repayment schedule for such special emergency notes to 10 years, the City does not expect to issue special emergency notes in order to address any financial impacts caused by the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the County and the City.

Based on available information as of December 1, 2021, (a) the City is expected to receive approximately \$61,648,323.00 in two equal payments; one within 60 days of enactment of the Plan and the balance no earlier than 12 months from the initial payment. The City received its first payment of American Rescue Plan funds in the amount of \$30,824,161.50 on June 17, 2021. The deadline to spend the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds to be provided to the City include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the City that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of

government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the City, as applicable, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure. As of the date hereof, the City has not determined how it will spend the funds to be received. The Local Finance Board issued LFN 2021-11 on June 4, 2021 containing guidance on the application and expenditure of American Rescue Plan funds.

During 2020, with consent and guidance from the State, the City transitioned from a fiscal year end of June 30 to a calendar year end of December 31. As a result, the most recent financial reporting period disclosed herein is for the six-month period ended December 31, 2020. The City's most recent full year of financial information disclosed herein is for the fiscal year ended June 30, 2020.

In the second half of the calendar year of 2020, the City began assessing a special district tax for the Camden Business Improvement District, of which the City collected \$1,714,250.57. For the period commencing July 1 and ended December 31, 2019 and for the first half of the 2020 calendar year (which was part of the City's last fiscal year ended June 30, 2020), there were no special taxes billed or collected. In addition, for the six-month period ended December 31, 2020 (the City's Transition Year), the City collected \$14,728,932.03 in local purpose municipal property taxes. For the City's last full fiscal year of June 30, 2020, local purpose municipal property taxes collected totaled \$29,779,388.30, compared to the \$27,844,939.09 collected for the same for fiscal year ended June 30, 2019 See "CITY FINANCIAL CONDITION – 2020 City Budget" herein.

## **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Rating Agency"), has assigned a rating of "A-" to the Refunding Bonds based upon the underlying creditworthiness of the City. In addition, the Rating Agency has also assigned a rating of "BBB+" to the Refunding Bonds recognizing their qualification pursuant to the Municipal Qualified Bond Act.

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The City forwarded to the Rating Agency certain information and materials concerning the Refunding Bonds and the City. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings 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 ratings, may have an adverse effect on the marketability or market price of the Refunding Bonds.

## **UNDERWRITING**

The Refunding Bonds have been purchased from the City by Oppenheimer & Co., New York, New York, as underwriter ("Underwriter"), pursuant to a purchase contract, at a purchase price of \$ \_\_\_\_\_ consisting of \$ \_\_\_\_\_ par amount of Refunding Bonds plus an original issue premium in the amount of \$ \_\_\_\_\_ less an underwriter's discount in the amount of \$ \_\_\_\_\_. The Underwriter is obligated to purchase all of the Refunding Bonds if any of the Refunding Bonds are purchased.

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

## **PREPARATION OF OFFICIAL STATEMENT**

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Refunding Bonds, by certificate signed by the Director of Finance, that to her knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey has not participated in the preparation of the financial, demographic or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Johanna S. Conyer-Harris, Director of Finance/Chief Financial Officer, City of Camden, 520 Market Street, Camden, New Jersey, 08101, telephone (856) 757-7582, or to the City's Municipal Advisor, Phoenix Advisors, LLC, Bordentown, New Jersey 08505, at (609) 291-0130.

## **MISCELLANEOUS**

All quotations from summaries and explanations of the provisions of the 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 is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Refunding Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the City, the County, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the City by the Director of Finance.

## **CITY OF CAMDEN**

By: \_\_\_\_\_  
Johanna S. Conyer-Harris  
Director of Finance/Chief Financial Officer

Dated: December \_\_, 2021

**APPENDIX A**

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING  
TO THE CITY OF CAMDEN, IN THE COUNTY OF CAMDEN, NEW JERSEY**



## **INFORMATION REGARDING THE CITY<sup>1</sup>**

The following material presents certain economic and demographic information of the City of Camden (the "City"), in the County of Camden (the "County"), State of New Jersey (the "State").

### **General Information**

The City, a municipal corporation, is located directly across the Delaware River from Philadelphia in Southwest New Jersey. The City was incorporated in 1828, covers a land area of approximately 10 square miles and is the county seat of Camden County. It is part of the Philadelphia Standard Metropolitan Statistical Area ("SMSA"). The Philadelphia SMSA includes 9 counties in New Jersey and Pennsylvania, as follows: New Jersey - Burlington, Camden, Gloucester; Pennsylvania - Bucks, Chester, Delaware, Mercer, Montgomery, Philadelphia.

### **Government**

The City operates under a Mayor-Council form of government. All legislative power of the City is exercised by the City Council, including final adoption of spending legislation such as budgets and bond authorizations. The Mayor is chief executive and administrative officer of the City and, as such, is responsible for administering local laws and policy development. Since 2002 the City has operated under the Municipal Rehabilitation and Economic Recovery Act (MRERA) that was passed to stabilize the City financially and economically. The City believes this partnership with the State has been and continues to be beneficial.

The Mayor is elected to a four-year term without limitation as to the number of terms that may be served. The City Council consists of seven (7) persons, elected biennially, for staggered four-year terms.

The specific powers of the Mayor include various appointments, preparation of the City's budget, and approval or veto (which may be overridden by a 2/3 vote of the City Council) of ordinances adopted by the City Council. With the advice and consent of the City Council, the Mayor appoints the Business Administrator, the City Attorney and the Directors of the various City departments. The Mayor also has the power to appoint members of several authorities under the City's jurisdiction.

The eight (8) departments within the municipal government are presently Administration, Finance, Public Works, Human Services, Fire, Code Enforcement, Planning and Development and Law. Principal services provided by the municipal government include fire protection, street maintenance and cleaning, parks, water and sewers.

### **Public Safety**

The police department of the City was contracted with the County on April 30, 2013 in favor of the Metro Division of the Camden County Police Department. The contract with the County is paid as a shared service agreement. Under this policing regime the number of law enforcement officers patrolling the neighborhoods and business corridors has nearly doubled. High tech video, sensor equipment and GPS devices in cars and radios have improved efficiency and response time. Recent statistics

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<sup>1</sup> Source: The City, unless otherwise indicated.

show crime has decreased dramatically. Although a police department still exists under City control, there are no active employees within the department other than crossing guards.

### **Anchor Institutions**

The City's anchor institutions are important to its economic revival, civic pride, and increasing levels of employment. The State's Economic Opportunity Act of 2013 designated the City as one of four (4) target communities which receive enhanced economic development support. The pace of new development has been increased by this. New projects include Holtec and Subaru, housing for medical school students, and, notably, the recently constructed practice and training facility of the Philadelphia 76ers basketball organization (reported as the largest in the National Basketball Association) which also houses their corporate offices in the City.

Since 2002, many of the City's anchor institutions have worked collaboratively through the Camden Higher Education and Healthcare Task Force. This group, colloquially known as "Eds and Meds", has been at the core of many revitalization projects in the City. More recently, the Higher Education Reorganization Act of 2012 created a new institutional partnership between Rutgers-Camden and Rowan University which is expected to further Camden as a major center in health sciences education.

Among the City's anchor institutions are:

Cooper University Health Care – Southern New Jersey's level 1 regional trauma center provides comprehensive health service and clinical research. The hospital has expanded its facilities greatly over the past decade and now has nearly 6,000 full and part time employees. The hospital serves as the clinical campus of the newly opened Cooper Medical School of Rowan and Rutgers-Camden.

The University of Texas MD Anderson Cancer Center and Cooper University Health Care recently joined to open The MD Anderson Cancer Center at Cooper a new, state-of-the-art, \$100 million, four-story, 103,050 sq. ft. comprehensive cancer center on Cooper's Health Sciences Campus in Camden. The facility extends outstanding cancer care for residents of southern New Jersey and beyond.

Rutgers, The State University of New Jersey – Camden – A 40 acre campus is located in downtown Camden. The University offers 35 undergraduate majors, 27 graduate programs and educates approximately 6,500 students.

Rowan University at Camden – The Camden Urban Center Campus opened in 1991, in the University District of Camden, in a renovated five-story facility. The University shares facilities with Camden Community College on a campus which includes approximately 40 classrooms, community room, student and faculty lounges and computer labs. In 2009, the University acquired the historic First National Bank and Trust Company building and annex to accommodate additional students and programs.

Campbell's Soup Company – The City hosts the world headquarters of the Campbell's Soup Company. In addition to housing the Company's corporate offices, the facility includes a production facility to test new products and a test kitchen for developing new recipes. Approximately 1,200 employees are based in the City.

South Jersey Port Corporation – Serving the region and the nation for over 73 years as a major gateway of commerce and trade, the Port specializes in breakbulk and bulk cargo, shipping approximately 2.5 million tons per year and generates nearly 1,500 jobs for City residents.

Salvation Army Kroc Center – Located in the City's eastern Cramer Hill Section this regional facility serves as the hub for Salvation Army services in Camden, Burlington, Gloucester and Salem Counties. Constructed on a 24 acres site, this 120,000 square foot complex provides a broad range of social, health, recreational, educational and training services.

**Education**

The City's public school system is a State operated Type I school district that has a total of 23 schools, educating students in grades pre-K through twelfth grade. The State of New Jersey recently assumed control of the School District. Initiatives have been undertaken to improve the efficiency and effectiveness of the School District.

The City has an active and growing charter school community with a total of 8 charter schools. Total enrollment approximates 2,900 students. There are also several other new charter schools approved to open.

The KIPP Cooper Norcross Academy at Lanning Square, adjacent to the Cooper Medical Campus, is the State's first privately run and publicly financed Renaissance school project. The Knowledge Is Power Program is a nationally recognized network of free, open-enrollment, college-preparatory public charter schools. The Camden campus has the capacity for 1,023 students consisting of: (i) a full elementary school - pre-K3 through fourth grade, and (ii) a middle school - fifth through eighth grades.

**Transportation**

The City is a gateway to New Jersey directly connected to the City of Philadelphia by the Ben Franklin and Walt Whitman Bridges and the Port Authority Transit Corporation ("PATCO") high speed line. The City is the third busiest transportation hub in the State providing public transportation via NJ Transit RiverLINE, NJ Transit Buses, RiverLink Ferry and PATCO. There is commutation access to Philadelphia via the Walt Whitman and Benjamin Franklin Bridges and the PATCO, which connects the City to employment opportunities in other parts of the County.

The City is served by a comprehensive network of highways including I-676, I-295, U.S. 30 and U.S. 130. Conrail operates its rail service out of the Pavonia yard, the main classification yard for Southern New Jersey, connecting Camden to all areas of the Northeast Corridor.

Access to international markets is provided via the South Jersey Port Authority and the nearby Philadelphia International Airport.

**Building Permits and Estimated Construction Costs**

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2021(1)	1,022	\$7,701,929
2020	788	8,542,216
2019	1,245	113,036,412
2018	1,298	71,743,607
2017	1,417	193,123,434
2016	2,255	183,552,195

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(1) As of December 1, 2021

## **Retirement Systems**

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the "Division"), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS").

## **Pension Information (1)**

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The City's share of pension costs in 2021, which is based upon the annual billings received from the State, amounted to \$2,291,674.00 for PERS and \$5,694,875.00 for PFRS.

## **Population (2)**

The following tables summarize population increases and the decreases for the City, the County, and the State.

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2020	71,791	-7.73%	523,485	1.90%	9,288,994	5.70%
2010	77,344	-2.49	513,657	0.93	8,791,894	4.49
2000	79,318	-9.34	508,932	1.21	8,414,350	8.85
1990	87,492	3.04	502,824	6.61	7,730,188	4.96
1980	84,910	-17.20	471,650	3.37	7,365,001	2.75

## **Selected Census 2019 Data (2)**

	<u>City</u>	<u>County</u>	<u>State</u>
Median household income	\$27,015	\$70,451	\$82,545
Per capita income	15,001	35,958	42,745

(1) Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

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

**Labor Force (1)**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>City</b>					
Labor Force	26,850	25,542	26,000	26,692	27,250
Employment	22,483	23,517	23,683	24,183	24,550
Unemployment	4,358	2,025	2,292	2,525	2,700
Unemployment Rate	16.1%	7.9%	8.8%	9.5%	9.9%
<b>County</b>					
Labor Force	258,167	253,053	256,392	256,983	257,658
Employment	232,192	242,811	244,558	244,208	243,733
Unemployment	25,950	10,242	11,825	12,783	13,925
Unemployment Rate	10.0%	4.0%	4.6%	5.0%	5.4%
<b>State</b>					
Labor Force	4,514,533	4,554,700	4,488,675	4,510,975	4,559,375
Employment	4,074,300	4,393,400	4,301,575	4,306,708	4,336,358
Unemployment	440,258	161,300	187,075	204,292	222,983
Unemployment Rate	9.7%	3.5%	4.2%	4.5%	4.9%

**CERTAIN TAX INFORMATION**

**TEN LARGEST TAXPAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
Campbell Soup Company	Office/Manufacturing Buildings	\$44,449,200
Verizon – New Jersey	Personal Property	36,723,440
L/N CAC, LLC (L3 Technologies)	Technology/Engineering	35,038,300
Pollution Control Authority	Industrial Building	18,004,100
Washington Park Management	Apartments	17,378,000
EMR Eastern, LLC	Metal Recycling	16,479,600
Real Portfolio	Real Estate	13,563,700
All American Gardens, LLC	Apartments	12,669,000
Broadway Associates 2010, LLC	Real Estate	11,979,700
Harris Camden Realty, LLC	Warehouse/Office Buildings	11,247,700
Totals		<u>\$217,532,740</u>

(1) Source: New Jersey Department of Labor

**CURRENT TAX COLLECTIONS(1)**

<u>Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Balance</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2020(2)	\$30,736,527	\$27,987,337	91.06%	\$278,562	0.91%
2020(3)	51,876,647	47,570,434	91.70	187,945	0.36
2019(3)	51,740,769	47,014,264	90.87	122,956	0.24
2018(3)	50,238,164	45,825,600	91.22	184,364	0.37
2017(3)	49,639,593	44,454,980	89.56	129,887	0.26

**DELINQUENT TAXES(1)**

<u>Year</u>	<u>Outstanding Beginning</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits/ Adj.</u>	<u>Outstanding Year-End</u>
			<u>Amount</u>	<u>Percent</u>			
2020(2)	\$292,316	---	\$69,494	23.77%	---	\$40,026	\$182,796
2020(3)	304,690	\$5,398	78,599	25.35	\$7,323	30,335	193,831
2019(3)	404,404	---	188,246	46.55	26,653	7,771	181,734
2018(3)	414,863	61,441	185,808	39.01	9,974	60,482	220,040
2017(3)	476,321	---	121,639	25.54	25,125	44,581	284,976

**TAX TITLE LIENS(1)**

<u>Year</u>	<u>Balance Beginning</u>	<u>Added by Adjustment, Sales/Transfers</u>	<u>Transfers, Cancellations/ (Adjustments)</u>	<u>Collections</u>	<u>Balance Year-End</u>
2020(3)	65,237,722	4,106,895	1,973,181	640,631	66,730,805
2019(3)	61,806,243	4,360,334	9,068	919,787	65,237,722
2018(3)	60,976,285	4,548,950	2,479,859	1,239,133	61,806,243
2017(3)	58,331,168	4,660,627	778,561	1,236,949	60,976,285

**FORECLOSED PROPERTY (1) (4)**

<u>Year</u>	<u>Balance Beginning</u>	<u>Added by Transfers/ Foreclosures</u>	<u>Adjustment to Assessed Valuation</u>	<u>Loss on Sale of Property</u>	<u>Cash Sales</u>	<u>Balance Year-End</u>
2020(3)	54,524,400	\$2,187,507	(\$1,396,007)	\$1,293,900	---	54,022,000
2019(3)	56,633,600	---	157,600	2,266,800	---	54,524,400
2018(3)	54,805,558	2,472,442	(352,000)	292,400	---	56,633,600
2017(3)	50,765,500	712,700	3,621,958	294,600	---	54,805,558

(1) Source: Annual Reports of Audit, unless otherwise noted

(2) Compiled Annual Financial Statement for the six month reversion period ended December 31, 2020.

(3) For the fiscal year ended June 30.

(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)**

**Tax Rate (2)**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Library</u>	<u>County Open Space</u>	<u>Local School</u>
2021	\$1,714,453,640	\$3.349	\$1.655	\$0.873	\$0.057	\$0.023	\$0.741
2020	1,712,794,938	3.180	1.655	0.861	0.057	0.022	0.585
2019	1,688,244,310	3.045	1.671	0.861	0.055	0.022	0.436
2018	1,685,975,824	3.029	1.607	0.909	0.058	0.023	0.432
2017	1,697,364,582	2.955	1.587	0.863	0.055	0.021	0.429

**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>
2021	\$1,685,287,300	93.40%	\$1,804,376,124	\$25,134
2020	1,685,258,473	95.39	1,766,703,505	24,609
2019	1,660,023,373	98.10	1,692,174,692	23,571
2018	1,658,875,204	95.35	1,739,774,729	24,234
2017	1,668,753,904	100.63	1,658,306,573	23,099

**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>Apartments</u>	<u>Industrial</u>
2021	\$1,685,287,300	\$68,921,700	\$1,064,062,300	\$305,105,400	\$90,495,600	\$156,702,300
2020	1,685,258,473	69,874,850	1,060,046,100	309,010,023	90,081,000	156,246,500
2019	1,660,023,373	72,759,750	1,057,900,400	292,694,323	80,170,300	156,498,600
2018	1,658,875,204	74,761,350	1,052,413,231	290,748,423	80,185,300	160,766,900
2017	1,668,753,904	73,171,250	1,052,275,431	304,877,723	79,700,600	158,728,900

(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 Federal Census 2020 of 71,791

(5) Source: Camden County Assessment Board

**Financial Operations**

The following table summarizes the City’s Current Fund budget for the past three (3) fiscal years ending June 30, the transition year ("TY 2020") for the period of July 1, 2020 through December 31, 2020 and the calendar year ending December 31, 2021. This summary should be used in conjunction with the tables from which is derived.

**Summary of Current Fund Budget**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>TY2020</u>	<u>2021</u>
<b><u>Anticipated Revenues</u></b>					
Fund Balance	\$ 15,000,000	\$ 10,000,000	\$ 10,000,000	\$ 3,510,582	\$ 20,000,000
Miscellaneous Revenues	149,808,869	169,262,536	146,253,969	109,323,056	184,479,832
Receipts from Delinquent Taxes	1,350,000	1,350,000	1,151,099	300,000	730,434
Amount to be Raised by Taxes for Support of Municipal Budget	27,296,415	28,115,307	28,953,119	15,103,700	28,374,192
<b>Total Revenue</b>	<b>\$ 193,455,284</b>	<b>\$ 208,727,843</b>	<b>\$ 186,358,187</b>	<b>\$ 128,237,339</b>	<b>\$ 233,584,458</b>
<b><u>Appropriations</u></b>					
General Appropriations	\$ 108,252,656	\$ 105,458,429	\$ 104,282,968	\$ 50,654,197	\$ 99,920,088
Other Operations	606,271	450,000	219,851		828,000
Shared Service Agreements	68,120,894	68,453,010	69,822,071	71,218,512	81,277,353
Private & Public Programs Offset by Revenues	8,120,622	26,371,449	3,922,588	1,902,769	31,778,812
Deferred Charges					11,719,256
Capital Improvement Fund			300,000		300,000
Municipal Debt Service	2,521,755	2,814,066	2,783,025	1,451,490	2,615,195
Reserve for Uncollected Taxes	5,833,087	5,180,889	5,027,684	3,010,370	5,145,754
<b>Total Appropriations</b>	<b>\$ 193,455,284</b>	<b>\$ 208,727,843</b>	<b>\$ 186,358,187</b>	<b>\$ 128,237,339</b>	<b>\$ 233,584,458</b>



**FUND BALANCE--CURRENT FUND(1)**

<u>Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
TY2020(2)	\$36,976,214	\$20,000,000	54.09%
2020	23,587,980	3,510,582	14.88
2019	20,221,688	10,000,000	49.45
2018	13,012,774	10,000,000	76.85
2017	17,587,377	15,000,000	85.29

**FUND BALANCE—WATER UTILITY OPERATING FUND(1)**

<u>Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
TY2020(2)	\$948,575	\$846,231	89.21%
2020	948,575	---	---
2019	3,004,521	2,055,947	68.43
2018	2,577,883	1,500,000	58.19
2017	3,144,726	1,229,086	39.08

**FUND BALANCE—SEWER UTILITY OPERATING FUND(1)**

<u>Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
TY2020(2)	\$3,257,661	\$3,036,878	93.22%
2020	3,632,411	1,404,870	38.68
2019	2,831,359	482,308	17.03
2018	1,728,534	807,551	46.72
2017	1,616,256	---	0.00

(1) Source: Annual Reports of Audit (as of June 30), unless otherwise noted

(2) Source: Compiled Financial Statements (as of December 31)

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

The following table summarizes the direct debt of the City in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water Utility, and Sewer Utility. Deductions from gross debt to arrive at net debt include funds on hand and debt considered to be self-liquidating. The resulting net debt of \$32,074,902 represents 1.857% of the average of equalized valuations for the City for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Authorized But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds	Loans	Notes			School Debt	Funds on Hand	Self-Liquidating Debt	
General	\$ 14,700,000	\$ 4,904,789	\$ 2,600,000	\$ 1,395,366	\$ 23,600,154		\$ 412,052		\$ 23,188,102
Water Utility		6,624,715		2,262,085	8,886,799				8,886,799
Sewer Utility		11,695,613		20,553,591	32,249,204			\$ 32,249,204	
	<u>\$ 14,700,000</u>	<u>\$ 23,225,116</u>	<u>\$ 2,600,000</u>	<u>\$ 24,211,042</u>	<u>\$ 64,736,157</u>	<u>\$ -</u>	<u>\$ 412,052</u>	<u>\$ 32,249,204</u>	<u>\$ 32,074,902</u>

(1) As of December 31, 2020

Source: City

### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2018, 2019 and 2020	\$1,727,129,440
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2018, 2019 and 2020	1.86%
2021 Net Valuation Taxable	\$1,714,453,640
2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,833,542,464
Gross Debt (2):	
As a percentage of 2021 Net Valuation Taxable	3.78%
As a percentage of 2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.53%
Net Debt (2):	
As a percentage of 2021 Net Valuation Taxable	1.87%
As a percentage of 2021 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.75%
Gross Debt Per Capita (3)	\$902
Net Debt Per Capita (3)	\$447

### CITY BORROWING CAPACITY(1)

3.5% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements (\$1,727,129,440)	\$60,449,530
Net Debt	<u>32,074,902</u>
Remaining Borrowing Capacity	<u><u>\$28,374,629</u></u>

### SCHOOL DISTRICT BORROWING CAPACITY(1)

4% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements (\$1,727,129,440)	\$69,085,178
Net Debt	<u>0</u>
Remaining Borrowing Capacity	<u><u>\$69,085,178</u></u>

(1) As of December 31, 2020

(2) Excluding overlapping debt

(3) Based on 2020 Federal Census of 71,791

**CITY OF CAMDEN**  
**OVERLAPPING DEBT AS OF DECEMBER 31, 2020**

<b>DEBT ISSUED</b>					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 36,380,000	\$ 19,103,198 (2)	\$ 17,276,802	\$ 803,371 (4)	\$ 91,546,694
Notes	25,461,125		25,461,125	1,183,942 (4)	
Loan Agreements	351,009,923		351,009,923	16,321,961 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	248,987,704	248,987,704 (3)			
	\$ 661,838,752	\$ 268,090,902	\$ 393,747,849	\$ 18,309,275	\$ 91,546,694

- (1) Source: County of Camden.
- (2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Refunding 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 2020 Net Valuation on which County taxes are apportioned, which is 4.65%.

**CITY OF CAMDEN**  
**SCHEDULE OF OUTSTANDING DEBT SERVICE(1)**  
**LOANS AND BONDED DEBT ONLY**

Calendar Year	General		General - Loans		Water Utility - Loans		Sewer Utility - Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 1,470,000	\$ 531,675	\$ 572,605	\$ 2,023	\$ 1,930,302	\$ 132,463	\$ 1,946,442	\$ 214,350	\$ 6,799,860
2022	2,040,000	454,825	473,439	1,189	1,030,213	76,450	1,051,581	170,800	5,298,497
2023	2,060,000	363,625	458,744	338	346,473	52,075	1,080,500	147,575	4,509,331
2024	2,080,000	285,425	350,000		351,473	47,175	883,940	123,150	4,121,164
2025	2,100,000	220,125	350,000		356,473	42,025	888,714	108,500	4,065,838
2026	2,125,000	150,188	350,000		361,473	36,675	912,198	93,400	4,028,934
2027	2,150,000	77,375	350,000		366,473	31,400	916,537	78,150	3,969,935
2028	675,000	27,000	250,000		371,473	26,200	832,047	63,100	2,244,820
2029			250,000		376,473	20,800	751,549	47,400	1,446,222
2030			250,000		253,036	15,200	473,421	34,600	1,026,257
2031			250,000		258,036	12,400	478,421	28,200	1,027,057
2032			250,000		258,036	9,400	488,421	21,600	1,027,457
2033			250,000		263,036	6,400	493,421	14,600	1,027,457
2034			150,000		101,741	3,200	498,421	7,400	760,762
2035			150,000						150,000
2036			150,000						150,000
2037			150,000						150,000
	<u>\$ 14,700,000</u>	<u>\$ 2,110,238</u>	<u>\$ 5,004,789</u>	<u>\$ 3,550</u>	<u>\$ 6,624,715</u>	<u>\$ 511,863</u>	<u>\$ 11,695,613</u>	<u>\$ 1,152,825</u>	<u>\$ 41,803,592</u>

(1) As of December 31, 2020.

Source: City

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE CITY OF CAMDEN,  
IN THE COUNTY OF CAMDEN, NEW JERSEY**

**FOR THE SIX MONTH REVERSION PERIOD  
2020 COMPILED FINANCIAL STATEMENTS**



**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Camden  
Camden, New Jersey 08101

Management is responsible for the accompanying financial statements of the City of Camden, in the County of Camden, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance-- regulatory basis of the various funds for the six month reversion period ended December 31, 2020 and the related statements of operations and changes in fund balances-- regulatory basis for the six month reversion period 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 referred to above 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/ L. Jarred Corn  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 13, 2021



**CITY OF CAMDEN**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2020

ASSETS

## Regular Fund:

Cash	\$ 54,534,051.40
Cash - Change Fund	1,500.00
Cash - Petty Cash Fund	2,500.00
Investments	25,445.92
Due from State of New Jersey:	
Senior Citizens' and Veterans' Deductions	214,410.97
Energy Receipts Tax	9,589,215.50
	<u>64,367,123.79</u>

## Receivables and Other Assets with Full Reserves:

Unclassified Activity	4,741,894.35
Due from Bank	349.93
Delinquent Property Taxes Receivable	461,357.87
Tax Title Liens Receivable	67,803,547.31
Property Acquired for Taxes (at Assessed Valuation)	54,022,000.00
Special Assessments Receivable	19,923,098.43
Revenue Accounts Receivable	28,278.06
Due from Local School District (Prepaid Taxes)	65,198.00
Due from Animal Control Fund	28,464.17
Due from Water Utility Capital Fund	538,948.22
Due from Sewer Utility Operating Fund	337,571.33
	<u>147,950,707.67</u>

## Deferred Charges:

Overexpenditure of Appropriations	235,070.71
Special Emergency COVID-19 (N.J.S.A. 40A:4-53)	2,333,550.99
	<u>2,568,621.70</u>

Total Regular Fund	<u>214,886,453.16</u>
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## Federal and State Grant Fund:

Cash	47,431.19
Federal and State Grants Receivable	30,820,248.39
Deferred Charges:	
Expenditure without Appropriation	9,131.19
Due from Current Fund	333,250.42
	<u>31,210,061.19</u>

Total Assets	<u>\$ 246,096,514.35</u>
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(Continued)

**CITY OF CAMDEN**  
**CURRENT FUND**  
 Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
 As of December 31, 2020

**LIABILITIES, RESERVES  
 AND FUND BALANCE**

Regular Fund:

Liabilities:

Appropriations Reserves	\$	7,876,123.29
Reserve for Encumbrances		3,339,855.64
Accounts Payable		9,880,643.59
Due to State of New Jersey:		
Due to Camden County Clerk - Fees		182,817.33
Due to Camden County Municipal Utilities Authority		550,435.69
Prepaid Taxes		773,852.70
Tax Overpayments		26,642.15
Tax Deposits Payable		158,739.49
Special District Taxes Payable		1,714,250.57
Due County for Added and Omitted Taxes		148,043.86
Due to Federal and State Grant Fund		333,250.42
Due to Trust - Other Funds		1,584,257.80
Due to General Capital Fund		2,623,729.91
Due to Water Utility Operating Fund		346,949.15
Due to Sewer Utility Capital Fund		419,940.11

29,959,531.70

Reserves for Receivables and Other Assets		147,950,707.67
Fund Balance		<u>36,976,213.79</u>

Total Regular Fund		<u>214,886,453.16</u>
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Federal and State Grant Fund:

Reserve for Federal, State, and Local Grants:

Appropriated		12,500,256.37
Reserve for Encumbrances		14,518,484.52
Due to Trust - Other Funds		2,446,478.50
Due to General Capital Fund		<u>1,744,841.80</u>

Total Federal and State Grant Fund		<u>31,210,061.19</u>
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Total Liabilities, Reserves, and Fund Balance	\$	<u><u>246,096,514.35</u></u>
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See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
**CURRENT FUND**

Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Six Month Period Ended December 31, 2020

Revenue and Other Income Realized

Surplus Utilized	\$ 3,510,582.45
Miscellaneous Revenue Anticipated	108,527,977.16
Receipts from Delinquent Taxes	714,161.88
Receipts from Current Taxes	27,987,337.20
Non Budget Revenue	6,008,459.84
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	11,169,604.33
Refund of Prior Years' Expenditures:	
Receipts	26,067.37
Liquidation of Reserves for:	
Due from Water Utility Operating Fund	256,818.91
Cancellation of:	
Accounts Payable	109,406.96
Due Federal and State Grant Fund:	
Reserve for Federal, State, and Other Grants - Appropriated	354,810.03
	<hr/>
Total Income	158,665,226.13

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS":	
Salaries and Wages	20,720,000.00
Other Expenses	25,920,671.71
Deferred Charges and Statutory Expenditures	1,889,353.51
Operations Excluded from "CAPS":	
Other Expenses	73,094,307.39
Municipal Debt Service Excluded from "CAPS"	1,351,489.14
Local District School Tax	6,219,373.50
Special District Taxes Payable	1,714,250.57
County Taxes Payable	8,187,107.24
Due County for Added and Omitted Taxes	148,043.86
Refund of Prior Years' Revenues	2,639.67
Creation of Reserves for:	
Unclassified Activity	4,741,894.35
Due from Bank	179.94
Cancellation of:	
Due Federal and State Grant Fund:	
Federal, State, and Other Grants Receivable	345,720.66
	<hr/>
Total Expenditures	144,335,031.54

(Continued)

**CITY OF CAMDEN**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Six Month Period Ended December 31, 2020

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Excess in Revenue	\$	14,330,194.59
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		235,070.71
Special Emergency COVID-19 to be Raised in Budget of Succeeding Years		2,333,550.99
Statutory Excess to Surplus		16,898,816.29
<u>Fund Balance</u>		
Balance July 1		23,587,979.95
		40,486,796.24
Decreased by:		
Utilization as Anticipated Revenue		3,510,582.45
Balance December 31	\$	36,976,213.79

See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
**TRUST FUNDS**  
Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis  
As of December 31, 2020

ASSETS

Animal Control Fund:	
Cash	\$ 32,498.09
Other Funds:	
Cash	65,027,529.02
Investments	685,138.67
United States Department of Housing and Urban Development:	
Community Development Block Grant Receivable	5,841,619.79
Emergency Solutions Grant Program Receivable	2,589,704.02
HOME Investment Partnerships Program Receivable	2,333,347.46
Housing Opportunities for Persons with AIDS Receivable	1,948,726.98
Due from Current Fund	1,584,257.80
Due from Federal and State Grant Fund	2,446,478.50
Total Other Funds	<u>82,456,802.24</u>
Total Assets	<u>\$ 82,489,300.33</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:	
Due to Current Fund	\$ 28,464.17
Reserve for Animal Control Fund Expenditures	4,033.92
Total Animal Control Fund	<u>32,498.09</u>
Other Funds:	
Unclassified Activity	4,828,440.43
Reserve for Payroll Deductions Payable	740,278.58
Reserve for Unemployment Compensation Insurance	1,518,263.25
Reserve for Workmen's Compensation	3,364,623.94
Reserve for Health Benefits	36,854,568.74
Reserve for Self-Insurance	5,800,813.25
Reserve for United States Department of Housing and Urban Development:	
Community Development Block Grant	5,886,736.61
Emergency Solutions Grant Program	2,606,241.56
HOME Investment Partnerships Program	2,614,810.58
Housing Opportunities for Persons with AIDS	1,976,414.50
Miscellaneous Trust Other Reserves	15,851,938.13
Reserve for Local Law Enforcement Funds - Due Camden County Prosecutor	6,889.05
Reserve for Law Enforcement Trust Fund Seized Funds	293,247.03
Reserve for Federal Law Enforcement Trust Fund	4.08
Due to Bank	10,146.95
Due to General Capital Fund	88,800.10
Due to Sewer Utility Operating Fund	14,585.46
Total Other Funds	<u>82,456,802.24</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 82,489,300.33</u>

See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis  
As of December 31, 2020

ASSETS

Cash	\$	576,749.37
Loans Receivable:		
State of New Jersey - Demolition Loan		191,233.09
Rutgers University		32,505.42
Deferred Charges to Future Taxation:		
Funded		19,704,788.57
Unfunded		3,995,365.82
Due from Current Fund		2,623,729.91
Due from Federal and State Grant Fund		1,744,841.80
Due from Trust - Other Funds		88,800.10
		<hr/>
Total Assets	\$	<u><u>28,958,014.08</u></u>

LIABILITIES, RESERVES AND FUND BALANCE

Reserve for Loans Receivable:		
Rutgers University	\$	32,505.42
Improvement Authorizations:		
Funded		812,147.01
Unfunded		100,000.00
Reserve for Payment of General Obligation Bonds		321,957.14
Contracts Payable		2,672,030.51
New Jersey Department of Environmental Protection Loans Payable		111,488.57
Urban and Rural Centers Unsafe Building Demolition Program Loans Payable		4,893,300.00
Bond Anticipation Notes		2,600,000.00
General Obligation Bonds		14,700,000.00
Reserve for Payment of New Jersey Department of Environmental Protection Loans		75,450.46
Fund Balance		<hr/> 2,639,134.97
		<hr/>
Total Liabilities, Reserves and Fund Balance	\$	<u><u>28,958,014.08</u></u>

See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
**WATER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2020

ASSETS

Operating Fund:	
Cash	\$ 2,519,666.55
Due from Current Fund	346,949.15
Due from Water Utility Capital Fund	<u>1,376,269.45</u>
	<u>4,242,885.15</u>
Receivables with Full Reserves:	
Consumer Accounts Receivable	4,407,133.48
Water Utility Liens Receivable	<u>12,565,595.32</u>
	<u>16,972,728.80</u>
Deferred Charges:	
Special Emergency COVID-19 (N.J.S.A. 40A:4-53)	<u>102,343.43</u>
	<u>102,343.43</u>
Total Operating Fund	<u>21,317,957.38</u>
Capital Fund:	
Cash	699,039.58
Fixed Capital	<u>107,555,045.99</u>
Total Capital Fund	<u>108,254,085.57</u>
Total Assets	<u>\$ 129,572,042.95</u>

(Continued)

**CITY OF CAMDEN**  
**WATER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2020

**LIABILITIES, RESERVES  
AND FUND BALANCE**

Operating Fund:	
Appropriation Reserves	\$ 736,171.50
Reserve for Encumbrances	40,000.00
Due to Bank	2,072.81
Accrued Interest on Loans	55,192.70
Prepaid Water Rents	466,523.26
Due to Sewer Utility Operating Fund	<u>2,096,693.45</u>
	3,396,653.72
Reserve for Receivables	16,972,728.80
Fund Balance	<u>948,574.86</u>
Total Operating Fund	<u>21,317,957.38</u>
Capital Fund:	
Due to Current Fund	538,948.22
Due to Water Utility Operating Fund	1,376,269.45
Reserve for Amortization	98,668,246.08
Due to State of New Jersey:	
Environmental Infrastructure Trust Loans Payable	6,624,714.59
Reserve for Payment of New Jersey Environmental Infrastructure Loans	651,922.17
Capital Improvement Fund	<u>393,985.06</u>
Total Capital Fund	<u>108,254,085.57</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 129,572,042.95</u></u>

See Independent Accountant's Compilation Report and selected notes.



**CITY OF CAMDEN**  
**WATER UTILITY OPERATING FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Six Month Period Ended December 31, 2020

<hr/>	
<u>Revenue and Other</u>	
<u>Income Realized</u>	
Water Utility Rents	\$ 5,692,935.94
Miscellaneous	572,717.76
Capacity Fees and Other	39,505.65
Merchantville-Pennsauken Water Commission	31,650.92
Deficit General Budget	603,768.06
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>1,691,479.80</u>
Total Income	<u>8,632,058.13</u>
 <u>Expenditures</u>	
Operating	4,800,000.00
Debt Service	3,511,127.89
Deferred Charges	<u>423,273.67</u>
Total Expenditures	<u>8,734,401.56</u>
Deficit in Revenue	(102,343.43)
Special Emergency COVID-19 to be Raised in Budget of Succeeding Years	<u>102,343.43</u>
Statutory Excess to Surplus	-
 <u>Fund Balance</u>	
Balance July 1	<u>948,574.86</u>
Balance December 31	<u>\$ 948,574.86</u>

See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
**SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2020

ASSETS

Operating Fund:	
Cash	\$ 2,817,549.86
Due from Trust - Other Funds	14,585.46
Due from Water Utility Operating Fund	<u>2,096,693.45</u>
	<u>4,928,828.77</u>
Receivables with Full Reserves:	
Consumer Accounts Receivable	2,747,111.24
Sewer Utility Liens Receivable	<u>7,669,355.52</u>
	<u>10,416,466.76</u>
Deferred Charges:	
Special Emergency COVID-19 (N.J.S.A. 40A:4-53)	<u>220,783.26</u>
	<u>220,783.26</u>
Total Operating Fund	<u>15,566,078.79</u>
Capital Fund:	
Cash	1,363,479.26
Fixed Capital	84,150,764.28
Fixed Capital Authorized and Uncompleted	20,300,000.00
Due from Current Fund	419,940.11
Due from Sewer Utility Operating Fund	<u>606,838.85</u>
Total Capital Fund	<u>106,841,022.50</u>
Total Assets	<u>\$ 122,407,101.29</u>

(Continued)

**CITY OF CAMDEN**  
**SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2020

**LIABILITIES, RESERVES  
AND FUND BALANCE**

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 553,621.44
Reserve for Encumbrances	147,250.00
Accounts Payable	31,747.57
Accrued Interest on Loans	89,312.50
Prepaid Sewer Rents	125,609.53
Due to Current Fund	337,571.33
Due to Sewer Utility Capital Fund	606,838.85

1,891,951.22

Reserve for Receivables	10,416,466.76
Fund Balance	3,257,660.81

15,566,078.79

Capital Fund:

Improvement Authorizations:

Unfunded	20,300,000.00
Reserve for Amortization	72,201,560.20
New Jersey Environmental Infrastructure Trust	
Loans Payable	11,695,613.38
Reserve for Payment of New Jersey Environmental	
Infrastructure Loans	1,041,656.97
Capital Improvement Fund	1,308,553.53
Capital Fund Balance	293,638.42

106,841,022.50

Total Liabilities, Reserves and Fund Balance	<u>\$ 122,407,101.29</u>
----------------------------------------------	--------------------------

See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
**SEWER UTILITY OPERATING FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Six Month Period Ended December 31, 2020

<u>Revenue and Other</u>	
<u>Income Realized</u>	
Operating Surplus Anticipated	\$ 1,404,870.00
Sewer Utility Rents	4,227,012.23
Miscellaneous	284,356.07
Capacity Fee	4,216.74
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	365,277.44
	<hr/>
Total Income	6,285,732.48
	<hr/>
<u>Expenditures</u>	
Operating	3,400,000.00
Debt Service	2,076,395.83
	<hr/>
Total Expenditures	5,476,395.83
	<hr/>
Excess in Revenue	809,336.65
Special Emergency COVID-19 to be Raised in Budget of Succeeding Years	220,783.26
	<hr/>
Statutory Excess to Surplus	1,030,119.91
<u>Fund Balance</u>	
Balance July 1	3,632,410.90
	<hr/>
Decreased	4,662,530.81
Utilized as Revenue	1,404,870.00
	<hr/>
Balance December 31	\$ 3,257,660.81
	<hr/> <hr/>

See Independent Accountant's Compilation Report and selected notes.

**CITY OF CAMDEN**  
 Selected Information – Substantially All Disclosures Required  
 By the Regulatory Basis of Accounting Have Been Omitted  
 For the Six-Month Period Ended December 31, 2020

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The City of Camden (hereafter referred to as the “City”) was incorporated in 1828. It is the eighth largest city in the State of New Jersey and covers a land area of 9.8 square miles in Camden County, in the southwest portion of the State. The City is the county seat. It is located directly across the Delaware River from Philadelphia, Pennsylvania, and is part of the Philadelphia Standard Metropolitan Statistical Area (“SMSA”). According to the 2020 census, the population is 71,791.

The City has a Mayor-Council form of government. In 1994, the City opted to modify the form of government. At that time, the City was divided into four districts instead of electing the entire Council at-large. One Council member is elected from each of the four districts and three Council members are elected at-large. The Mayor is separately elected. The executive and administrative responsibility rests with the Mayor, who is assisted by the City Clerk and the City Business Administrator.

**Component Units** - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

City of Camden Free Public Library  
 418 Federal Street  
 Camden, New Jersey 08101

City of Camden Redevelopment Agency  
 13<sup>th</sup> Floor City Hall  
 Camden, New Jersey 08101

City of Camden Housing Authority  
 2021 Watson Street  
 Camden, New Jersey 08105

Annual financial reports may be inspected directly at the offices of these component units 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* (the “*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.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)** - In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group 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.

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

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

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)**

**Cash, Cash Equivalents and Investments (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, water utility operating fund, and 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 to 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 Camden, the City of Camden School District, and the Camden Business Improvement 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 Camden School District. For the six-month period ended December 31, 2020, operations is charged for the amount required to be raised from taxation to operate the local school district for the period from July 1, 2020 to December 31, 2020.

**County Taxes** - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. 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. For the six-month period ended December 31, 2020, the City charged operations for the amount required to be raised from taxation for the County for the period from July 1, 2020 to December 31, 2020. 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.



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

**Special Improvement District Taxes** - The City is responsible for levying, collecting, and remitting special improvement district taxes for the Camden Business Improvement District. This tax was established by the City in 2020 and is based on the City Council's adoption of the Camden Business Improvement District's annual budget. For the six-month period ended December 31, 2020, operations is charged for the amount required to be raised from taxation to operate the Camden Business Improvement District for the period from July 1, 2020 to December 31, 2020.

**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 FISCAL YEARS ENDED  
JUNE 30, 2020, 2019, 2018, 2017 AND  
2016 AUDITED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Camden  
Camden, New Jersey 08101

### **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 Camden, in the County of Camden, State of New Jersey, as of June 30, 2020, 2019, 2018, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the fiscal 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified 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 Camden, in the County of Camden, State of New Jersey, as of June 30, 2020, 2019, 2018, 2017 and 2016, or the results of its operations and changes in fund balance for the fiscal years then ended.

### *Basis for Qualified Opinion on the Current Fund - Regulatory Basis*

The City could not provide classification of disbursement activity recorded in the current fund for the fiscal year ended June 30, 2020. As a result of not being able to obtain sufficient appropriate audit evidence about the recorded amount of the City’s disbursement activity for the fiscal year ended June 30, 2020, we were unable to determine whether any adjustments were necessary to the activity recorded on the current fund comparative statements of operations and changes in fund balance - regulatory basis for the fiscal year ended June 30, 2020.

### *Basis for Qualified Opinion on the Trust - Other Funds - Regulatory Basis*

The City could not provide an analysis of the balance of reserve for payroll deductions payable recorded in the trust - other funds as of June 30, 2020. In addition, the City misclassified receipts recorded to the balance of miscellaneous trust other reserves during the fiscal year ended June 30, 2020. As a result of not being able to obtain a schedule of the balance and the City’s misclassification of receipts, we were unable to obtain sufficient appropriate audit evidence of the balances of reserve for payroll deductions payable and miscellaneous trust other reserves as of June 30, 2020 to determine whether any adjustments were necessary to the City’s balances recorded on the trust - other funds comparative statements of assets, liabilities, reserves, and fund balance - regulatory basis.

### *Basis for Qualified Opinions on the Water Utility Operating Fund - Regulatory Basis and Sewer Utility Operating Fund - Regulatory Basis*

The City could not provide a reconciliation of the amounts recorded for rents levied and cancellations to the amounts reported by the utility third-party administrator for the water utility operating fund and sewer utility operating fund for the fiscal year ended June 30, 2020. In addition, the City could not provide a schedule detailed by account of the recorded balance of consumer accounts receivable in the water utility operating fund and sewer utility operating fund as of June 30, 2020. As a result of not being able to obtain sufficient appropriate audit evidence about the recorded amounts of the City’s rents levied, cancellations, and consumer accounts receivable as of and for the fiscal year ended June 30, 2020, we were unable to determine whether any adjustments were necessary to the consumer accounts receivable and reserve for receivables recorded on the comparative statements of assets, liabilities, reserves, and fund balance - regulatory basis as of June 30, 2020.

The City could not provide a reconciliation of the amounts recorded for rents levied, amounts transferred to utility liens receivable, and collections of consumer accounts receivable to the amounts reported by the utility third-party administrator for the water utility operating fund and sewer utility operating fund for the fiscal year ended June 30, 2019. As a result of not being able to obtain sufficient appropriate audit evidence about the recorded amounts of the City's rents levied, amounts transferred to utility liens receivable, and collections of consumer accounts receivable for the fiscal year ended June 30, 2019, we were unable to determine whether any adjustments were necessary to the consumer accounts receivable, utility liens receivable, prepaid rents, reserve for receivables, fund balance, and utility rents revenue balances recorded on the comparative statements of assets, liabilities, reserves and fund balance - regulatory basis and comparative statements of operations and changes in fund balance - regulatory basis for the water utility operating fund and sewer utility operating fund as of and for the fiscal year ended June 30, 2019.

#### *Qualified Opinion on the Current Fund - Regulatory Basis*

In our opinion, except for the possible effects of the matter described in the “*Basis for Qualified Opinion on the Current Fund - Regulatory Basis*” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the current fund of the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2020 and 2019, the results of its operations and changes in fund balance - regulatory basis for the fiscal years then ended, and the revenues - regulatory basis and expenditures - regulatory basis for the fiscal year ended June 30, 2020, of the City of Camden, in the County of Camden, State of New Jersey, 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.

#### *Qualified Opinion on the Trust - Other Funds - Regulatory Basis*

In our opinion, except for the possible effects of the matter described in the “*Basis for Qualified Opinion on the Trust - Other Funds - Regulatory Basis*” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the trust - other funds of the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2020 and 2019, 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.

#### *Qualified Opinions on the Water Utility Operating Fund - Regulatory Basis and Sewer Utility Operating Fund - Regulatory Basis*

In our opinion, except for the possible effects of the matters described in the “*Basis for Qualified Opinions on the Water Utility Operating Fund - Regulatory Basis and Sewer Utility Operating Fund - Regulatory Basis*” paragraphs, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the water utility operating fund and sewer utility operating fund of the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2020 and 2019, the results of its operations and changes in fund balance - regulatory basis for the fiscal years then ended, and the revenues - regulatory basis and expenditures - regulatory basis for the fiscal year ended June 30, 2020, of the City of Camden, in the County of Camden, State of New Jersey, 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.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the animal control fund, general capital fund, water utility capital fund, and sewer utility capital fund for the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2020 and 2019, 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.

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 Camden, in the County of Camden, State of New Jersey, as of June 30, 2018, 2017 and 2016, and the results of its operations and changes in fund balance – regulatory basis of such funds for the fiscal 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***

*Prior Period Restatement*

As discussed in note 19 to the financial statements, during the fiscal year ended June 30, 2020, the general fixed asset group of accounts - regulatory basis for the fiscal year ended June 30, 2019 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Respectfully submitted,

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

/s/ L. Jarred Corn  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
February 24, 2021

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

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>					
<b>Regular Fund:</b>					
Cash	\$ 59,974,122.41	\$ 55,857,091.68	\$ 26,091,239.66	\$ 39,556,724.87	\$ 46,561,985.18
Cash - Change Fund	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Cash - Petty Cash Fund	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Investments	25,438.33	25,074.24	24,558.81	24,286.81	24,202.03
Investments - General Capital Fund					750,000.00
<b>Due from State of New Jersey:</b>					
Senior Citizens' and Veterans' Deductions	147,893.06	168,205.73	145,943.28	174,511.43	154,552.86
Homestead Rebates				354,579.41	
Energy Receipts Tax			1,991,008.69		
Transitional Aid			18,200,000.00		
	<u>60,151,453.80</u>	<u>56,054,371.65</u>	<u>46,456,750.44</u>	<u>40,114,102.52</u>	<u>47,494,740.07</u>
<b>Receivables and Other Assets with Full Reserves:</b>					
Delinquent Property Taxes Receivable	381,775.92	304,689.81	404,404.48	414,863.23	476,320.92
Tax Title Liens Receivable	66,730,805.09	65,237,722.11	61,806,242.71	60,976,284.61	58,331,168.16
Property Acquired for Taxes (at Assessed Valuation)	54,022,000.00	54,524,400.00	56,633,600.00	54,805,557.95	50,765,500.00
Special Assessments Receivable	19,997,122.08	20,663,877.42	20,727,976.97	5,094,263.64	3,996,142.29
Revenue Accounts Receivable	28,278.06	124,862.31	176,876.95	187,289.74	210,925.77
Due from Bank	169.99				
Due from Local School District (Prepaid Taxes)	65,198.00		940,766.00	945,888.00	950,058.00
Due from Animal Control Fund	28,464.17	25,003.59	20,746.97	17,141.02	16,897.62
Due from Water Utility Operating Fund	256,818.91	256,818.91	1,036,108.90	1,033,819.70	
Due from Water Utility Capital Fund	538,948.22	538,948.22			
Due from Sewer Utility Operating Fund	337,571.33	337,571.33	1,607,059.04	1,605,921.11	
Due from Public Trust Fund			4,456.51	4,456.51	4,456.51
	<u>142,387,151.77</u>	<u>142,013,893.70</u>	<u>143,358,238.53</u>	<u>125,085,485.51</u>	<u>114,751,469.27</u>
<b>Deferred Charges:</b>					
Emergency Authorizations (N.J.S.A. 40A:4-46)					193,805.00
	-	-	-	-	193,805.00
<b>Total Regular Fund</b>	<u>202,538,605.57</u>	<u>198,068,265.35</u>	<u>189,814,988.97</u>	<u>165,199,588.03</u>	<u>162,440,014.34</u>
<b>Federal and State Grant Fund:</b>					
Cash		150,928.50	216,504.53	397,021.35	451,028.40
Federal and State Grants Receivable	34,350,504.77	38,786,786.60	18,287,925.36	16,461,513.28	11,405,002.70
<b>Deferred Charges:</b>					
Expenditure without Appropriation	3,274.08		2,482.45	126,656.94	
Due from Current Fund	2,221,513.07	4,375,269.68	3,633,906.08	834,003.29	2,131,500.48
Due from Water Utility Operating Fund					26,868.00
<b>Total Federal and State Grant Fund</b>	<u>36,575,291.92</u>	<u>43,312,984.78</u>	<u>22,140,818.42</u>	<u>17,819,194.86</u>	<u>14,014,399.58</u>
<b>Total Assets</b>	<u>\$239,113,897.49</u>	<u>\$241,381,250.13</u>	<u>\$211,955,807.39</u>	<u>\$183,018,782.89</u>	<u>\$176,454,413.92</u>

(Continued)

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

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Regular Fund:					
Liabilities:					
Appropriations Reserves	\$ 10,986,870.56	\$ 12,954,215.70	\$ 13,024,269.22	\$ 8,823,705.03	\$ 11,189,357.26
Reserve for Encumbrances	6,642,431.10	5,528,750.56	5,033,152.96	5,758,357.66	6,692,037.41
Due to Third Party Administrator - Tax Sale					39,701.27
Accounts Payable	6,669,576.55	3,395,929.51	2,866,169.81	2,041,726.68	1,401,747.66
Due to State of New Jersey:					
Marriage License Fees	300.00	2,750.00	2,800.00	2,900.00	3,400.00
Training Fees	7,785.00	9,253.00	22,485.00	46,244.00	28,965.00
Burial Permits	20.00	45.00	55.00	45.00	30.00
Due to Camden County Clerk - Fees	140,210.33	91,807.43	85,352.72	72,015.54	62,202.39
Due to Camden County Municipal Utilities Authority	990,929.85	801,078.27	932,537.11	878,005.64	953,112.14
Prepaid Taxes	152,023.61	138,790.59	195,280.71	143,991.56	113,810.30
Tax Overpayments	280,870.54	271,742.21	49.28	145,987.46	2,185.42
Tax Deposits Payable	78,164.86	73,527.41	55,997.47	56,187.42	57,312.86
Local School District Taxes Payable		9,292.00			
Due to Federal and State Grant Fund	2,221,513.07	4,375,269.68	3,633,906.08	834,003.29	2,131,500.48
Due to Trust - Other Funds	5,431,419.76	5,375,480.90	5,257,120.00	1,326,801.34	4,192,402.35
Due to General Capital Fund	2,541,418.51	2,804,751.84	2,334,801.51	2,334,801.50	2,419,493.41
Due to Water Utility Operating Fund					1,396,062.25
Due to Sewer Utility Operating Fund					2,024,896.60
Due to Sewer Utility Capital Fund	419,940.11			61,953.58	
	<u>36,563,473.85</u>	<u>35,832,684.10</u>	<u>33,443,976.87</u>	<u>22,526,725.70</u>	<u>32,708,216.80</u>
Reserves for Receivables and Other Assets	142,387,151.77	142,013,893.70	143,358,238.53	125,085,485.51	114,751,469.27
Fund Balance	23,587,979.95	20,221,687.55	13,012,773.57	17,587,376.82	14,980,328.27
	<u>202,538,605.57</u>	<u>198,068,265.35</u>	<u>189,814,988.97</u>	<u>165,199,588.03</u>	<u>162,440,014.34</u>
Federal and State Grant Fund:					
Cash Deficit	133,335.45				
Reserve for Federal, State, and Local Grants:					
Unappropriated	144,059.15	159,551.32	190,629.73	363,402.92	507,263.76
Appropriated	14,781,356.61	27,418,617.64	12,422,869.39	13,646,711.18	9,331,427.55
Reserve for Encumbrances	19,070,062.21	13,279,621.17	7,998,385.60	2,935,117.66	3,179,020.68
Accounts Payable		223,008.44	89,188.34		
Due to Trust - Other Funds	2,446,478.50	2,232,186.21	1,439,745.36	873,963.10	996,687.59
	<u>36,575,291.92</u>	<u>43,312,984.78</u>	<u>22,140,818.42</u>	<u>17,819,194.86</u>	<u>14,014,399.58</u>
Total Liabilities, Reserves, and Fund Balance	<u>\$239,113,897.49</u>	<u>\$241,381,250.13</u>	<u>\$211,955,807.39</u>	<u>\$ 183,018,782.89</u>	<u>\$ 176,454,413.92</u>

The accompanying notes to financial statements are an integral part of these statements.



**CITY OF CAMDEN**  
**CURRENT FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
<b>Revenue and Other Income Realized</b>					
Surplus Utilized	\$ 10,000,000.00	\$ 10,000,000.00	\$ 15,000,000.00	\$ 14,179,977.75	\$ 11,691,100.00
Miscellaneous Revenue Anticipated	147,740,731.62	171,624,290.65	151,499,654.16	153,371,908.32	151,970,722.54
Receipts from Delinquent Taxes	719,230.43	1,108,032.86	1,424,941.80	1,358,588.91	1,468,735.68
Receipts from Current Taxes	47,570,434.36	47,014,263.58	45,825,600.11	44,454,980.03	42,847,364.58
Non Budget Revenue	2,083,368.45	492,062.65	603,553.05	2,372,794.27	831,864.10
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	11,196,991.30	13,505,018.43	9,311,390.97	11,727,724.69	4,917,352.30
Statutory Excess in Animal Control Fund	3,247.58	4,256.62	3,605.95	243.40	6,130.35
Refund of Prior Years' Expenditures:					
Receipts	15,686.29		194,258.18	36,971.06	
2012 Business Personal Property Tax Replacement					180,904.00
Liquidation of Reserves for:					
Due from Local School District (Prepaid Taxes)		940,766.00	5,122.00	4,170.00	
Due from Tax Lien Finance Corporation					8,144.35
Due from Federal and State Grant Fund					0.83
Due from Water Utility Operating Fund		779,289.99			0.62
Due from Sewer Utility Operating Fund		1,269,487.71			0.04
Due from Public Trust Fund		4,456.51			
Cancellation of:					
Accounts Payable	231,677.75	766,070.78	269,855.32	686,262.78	1,384,085.92
Prepaid Taxes	559.95				
Due to State of New Jersey:					
Marriage Licenses					25.00
Training Fees					343.00
Burial Permits					120.00
Shared Services Payable					4,600.00
Reserve for Tax Maps					210,000.00
Reserve for Revaluation					291,400.00
Reserve for Federal, State, and Other Grants - Appropriated	165,326.57	498,948.73	2,021,202.40	1,850,542.25	3,891,673.11
Reserve for Federal, State, and Other Grants - Unappropriated				76,245.47	
Due Trust - Other Funds:					
Reestablishment of Community Development					
Block Grant Receivable			123,517.87		
Refunds of Prior Year Expenditures:					
Reserve for Community Development Block Grant			126,487.24		
Due Federal and State Grant Fund:					
Accounts Payable	223,008.44				
Cancellation of:					
Due to Bank					1,997.65
Miscellaneous Trust Other Reserves					3,289,288.33
<b>Total Income</b>	<b>219,950,262.74</b>	<b>248,006,944.51</b>	<b>226,409,189.05</b>	<b>230,120,408.93</b>	<b>222,995,852.40</b>
<b>Expenditures</b>					
<b>Budget and Emergency Appropriations:</b>					
<b>Operations Within "CAPS":</b>					
Salaries and Wages	41,744,853.34	40,895,542.00	43,186,427.08	43,530,999.98	44,004,512.50
Other Expenses	52,771,664.01	54,486,759.18	53,961,612.60	54,550,959.58	52,044,413.76
Deferred Charges and Statutory Expenditures	9,766,450.47	10,067,749.45	10,977,959.24	9,854,966.45	9,487,845.84
<b>Operations Excluded from "CAPS":</b>					
Salaries and Wages					481,680.00
Other Expenses	74,282,928.75	95,947,051.40	77,877,330.79	76,033,356.32	72,901,969.79

(Continued)

**CITY OF CAMDEN**  
**CURRENT FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
<u>Expenditures (Cont'd)</u>					
Budget and Emergency Appropriations (Cont'd):					
Capital Improvements Excluded from "CAPS"					\$ 200,000.00
Municipal Debt Service Excluded from "CAPS"	\$ 2,783,025.00	\$ 2,814,231.86	\$ 2,521,754.46	\$ 1,380,047.46	2,676,116.88
Deferred Charges Excluded from "CAPS"				193,805.00	
Local District School Tax	7,368,482.00	7,291,319.00	7,291,319.00	7,282,027.00	7,277,857.00
County Taxes Payable	15,400,006.05	17,018,495.08	16,247,052.28	15,653,847.41	14,756,741.55
Due County for Added and Omitted Taxes	50,241.94	40,398.91	54,229.95	58,789.12	46,867.76
Cancellation of:					
Due from Tax Lien Finance Corporation					8,144.35
Refund of Prior Years' Revenues	53,715.12	979,032.90	975,332.48	169.00	145,716.35
Recapture of Prior Year Tax Overpayment Cancellations	4,340.73	8,419.56			
Payment of 2014 Accounts Payable				37,131.30	
Prior Year Senior Citizen and Veteran Deductions Disallowed	250.00				
State of New Jersey Deductions	12,322.60				
Due Federal and State Grant Fund:					
Recapture of Prior Year Expenditures			261.33		
Reserve for Emergency Solutions Grant Program			91,322.32		
Reserve for HOME Investment Partnerships Program			58,780.91		
Reserve for Housing Opportunities for Persons with AIDS			18,870.81		
Due Trust - Other Funds:					
Refund of Prior Year Revenues	34,861.57				
Cancellation of:					
Due from Bank					695.44
Creation of Reserves for:					
Due from Bank	169.99				
Due from Local School District (Prepaid Taxes)	65,198.00				950,058.00
Due from Animal Control Fund	3,460.58	4,256.62	3,605.95	243.40	6,130.35
Due from Water Utility Capital Fund		538,948.22			
Due from Water Utility Operating Fund			2,289.20	1,033,819.70	
Due from Sewer Utility Operating Fund			1,137.93	1,605,921.11	
Unclassified Activity:					
Disbursements	2,044,424.00				
Cancellation of:					
Due from State of New Jersey:					
Energy Receipts Tax		0.69			
Due Federal and State Grant Fund:					
Federal, State, and Other Grants Receivable	197,576.19	705,825.66	2,714,505.97	2,117,299.80	3,221,555.03
<b>Total Expenditures</b>	<b>206,583,970.34</b>	<b>230,798,030.53</b>	<b>215,983,792.30</b>	<b>213,333,382.63</b>	<b>208,210,304.60</b>
<b>Excess in Revenue</b>	<b>13,366,292.40</b>	<b>17,208,913.98</b>	<b>10,425,396.75</b>	<b>16,787,026.30</b>	<b>14,785,547.80</b>
Adjustments to Income before Surplus:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year					193,805.00
<b>Statutory Excess to Surplus</b>	<b>13,366,292.40</b>	<b>17,208,913.98</b>	<b>10,425,396.75</b>	<b>16,787,026.30</b>	<b>14,979,352.80</b>
<u>Fund Balance</u>					
Balance July 1	20,221,687.55	13,012,773.57	17,587,376.82	14,980,328.27	11,692,075.47
	33,587,979.95	30,221,687.55	28,012,773.57	31,767,354.57	26,671,428.27
Decreased by:					
Utilization as Anticipated Revenue	10,000,000.00	10,000,000.00	15,000,000.00	14,179,977.75	11,691,100.00
<b>Balance June 30</b>	<b>\$ 23,587,979.95</b>	<b>\$ 20,221,687.55</b>	<b>\$ 13,012,773.57</b>	<b>\$ 17,587,376.82</b>	<b>\$ 14,980,328.27</b>

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
**TRUST FUNDS**

Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis

	As of June 30,				
	2020	2019	2018	2017	2016
<b>ASSETS</b>					
Animal Control Fund:					
Cash	\$ 32,432.69	\$ 30,632.99	\$ 28,700.77	\$ 26,662.67	\$ 23,181.17
Other Funds:					
Cash	50,173,758.15	36,725,234.41	26,950,220.18	25,614,537.49	17,221,600.22
Investments	668,996.83	674,954.68	668,887.59	663,156.87	654,852.46
Due from Bank	259.90				
United States Department of Housing and Urban Development:					
Community Development Block Grant Receivable	2,771,063.42	3,191,085.49	2,995,620.77	3,048,341.33	2,973,855.64
Emergency Shelter Grant Receivable	477,225.10	398,838.45	352,554.81	298,827.01	179,050.97
HOME Investment Partnership Receivable	1,559,093.75	1,176,519.15	1,351,405.95	1,656,274.00	1,751,056.53
Housing Opportunities for Persons with AIDS Receivable	1,154,402.26	961,454.44	928,636.89	1,013,960.62	962,242.73
Due from Current Fund	5,431,419.76	5,375,480.90	5,257,120.00	1,326,801.34	4,192,402.35
Due from Federal and State Grant Fund	2,446,478.50	2,232,186.21	1,439,745.36	873,963.10	996,687.59
Due from Water Utility Operating Fund					156,923.56
Total Other Funds	64,682,697.67	50,735,753.73	39,944,191.55	34,495,861.76	29,088,672.05
Total Assets	<u>\$ 64,715,130.36</u>	<u>\$ 50,766,386.72</u>	<u>\$ 39,972,892.32</u>	<u>\$ 34,522,524.43</u>	<u>\$ 29,111,853.22</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>					
Animal Control Fund:					
Due to Current Fund	\$ 28,464.17	\$ 25,003.59	\$ 20,746.97	\$ 17,141.02	\$ 16,897.62
Due to State of New Jersey	8.40	68.40	54.60	58.20	96.00
Reserve for Animal Control Fund Expenditures	3,960.12	5,561.00	7,899.20	9,463.45	6,187.55
Total Animal Control Fund	32,432.69	30,632.99	28,700.77	26,662.67	23,181.17
Other Funds:					
Reserve for Payroll Deductions Payable	2,426,977.80	603,726.35	560,156.77	648,317.27	576,623.20
Reserve for Unemployment Compensation Insurance	1,363,419.95	1,208,154.54	1,207,261.65	1,255,679.91	1,101,969.70
Reserve for Workmen's Compensation	3,964,981.18	3,846,938.20	3,000,826.34	2,289,369.18	1,333,688.99
Reserve for Health Benefits	31,120,057.00	20,266,446.97	12,552,191.77	9,917,854.22	7,559,887.29
Reserve for Self-Insurance	5,919,001.23	5,800,664.85	4,929,021.82	3,186,920.07	2,366,988.99
Reserve for Law Enforcement Trust Fund Seized Funds	293,247.03	293,247.03	293,247.03	293,247.03	293,247.03
Reserve for Federal Law Enforcement Trust Fund	4.08	4.08	4.08	4.08	4.08
Community Development Block Grant	2,804,359.03	3,215,700.73	3,660,536.38	4,995,881.67	4,965,863.53
Emergency Solutions Grant Program	504,169.49	418,460.34			
Emergency Shelter Grant			352,554.81	220,806.58	104,892.95
HOME Investment Partnerships Program	1,834,605.53	1,353,296.16	1,351,405.95	1,537,921.05	1,618,937.22
Housing Opportunities for Persons with AIDS	1,113,017.13	979,273.96	928,636.89	992,764.62	928,155.91
Miscellaneous Trust Other Reserves	13,228,583.61	12,639,565.91	10,578,400.88	8,627,148.90	8,129,115.71
Reserve for Local Law Enforcement Funds - Due Camden					
County Prosecutor	6,889.05	6,889.05	6,889.05	6,889.05	6,889.05
Due to General Capital Fund	88,800.10	88,800.10	484,202.16	484,202.16	80,752.16
Due to Sewer Utility Operating Fund	14,585.46	14,585.46	34,399.46	34,399.46	17,199.73
Due to Public Trust Fund			4,456.51	4,456.51	4,456.51
Total Other Funds	64,682,697.67	50,735,753.73	39,944,191.55	34,495,861.76	29,088,672.05
Total Liabilities, Reserves and Fund Balances	<u>\$ 64,715,130.36</u>	<u>\$ 50,766,386.72</u>	<u>\$ 39,972,892.32</u>	<u>\$ 34,522,524.43</u>	<u>\$ 29,111,853.22</u>

The accompanying notes to financial statements are an integral part of these statements.

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

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>					
Cash	\$ 2,692,703.99	\$ 160,155.38	\$ 1,151,758.21	\$ 3,495,412.75	\$ 2,244,031.88
Loans Receivable:					
State of New Jersey - Demolition Loan	199,133.09	233,750.03	1,129,173.24	2,260,809.00	379,309.00
Rutgers University	48,051.22	92,998.81	151,802.41	210,606.01	269,409.61
Due from Trust - Other Funds	88,800.10	88,800.10	484,202.16	484,202.16	80,752.16
Deferred Charges to Future Taxation:					
Funded	20,711,333.35	22,866,436.46	24,991,815.29	26,800,829.07	12,318,504.69
Unfunded	3,995,365.82	3,995,365.82	3,995,365.82	1,395,365.82	13,925,365.82
Due from Current Fund	2,541,418.51	2,804,751.84	2,334,801.51	2,334,801.50	2,419,493.41
Deferred Charge - Expenditure without Appropriation	82,311.37				
<b>Total Assets</b>	<b>\$ 30,359,117.45</b>	<b>\$ 30,242,258.44</b>	<b>\$ 34,238,918.64</b>	<b>\$ 36,982,026.31</b>	<b>\$ 31,636,866.57</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Reserve for Loans Receivable:					
Rutgers University	\$ 48,051.22	\$ 92,998.81	\$ 151,802.41	\$ 210,606.01	\$ 269,409.61
Improvement Authorizations:					
Funded	780,522.84	1,184,074.63	4,206,378.67	6,590,441.32	2,836,765.77
Unfunded	100,000.00	2,600,000.00	2,600,000.00		3,974,689.09
Contracts Payable	3,105,395.27	531,090.36	2,049,176.68	2,411,207.92	3,636,411.32
New Jersey Department of Environmental Protection Loans Payable	131,933.35	185,936.46	255,215.29	323,129.07	389,704.69
Urban and Rural Centers Unsafe Building Demolition Program Loans Payable	5,374,400.00	6,055,500.00	6,736,600.00	7,267,700.00	4,798,800.00
Bond Anticipation Notes	2,600,000.00				8,280,000.00
General Obligation Bonds	15,205,000.00	16,625,000.00	18,000,000.00	19,210,000.00	7,130,000.00
Reserve for Payment of General Obligation Bonds	321,957.14	321,957.14			
Reserve for Payment of New Jersey Department of Environmental Protection Loans	90,095.30	118,951.43	149,995.79	180,428.47	210,261.51
Fund Balance	2,601,762.33	2,526,749.61	89,749.80	788,513.52	110,824.58
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 30,359,117.45</b>	<b>\$ 30,242,258.44</b>	<b>\$ 34,238,918.64</b>	<b>\$ 36,982,026.31</b>	<b>\$ 31,636,866.57</b>

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
**WATER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>					
Operating Fund:					
Cash	\$ 2,658,711.27	\$ 4,503,442.84	\$ 4,303,061.45	\$ 9,296,874.83	\$ 1,688,964.81
Due from Current Fund					1,396,062.25
Due from Water Utility Capital Fund	1,376,269.45	1,376,269.45	1,376,269.45	300,000.00	3,871,094.95
	<u>4,034,980.72</u>	<u>5,879,712.29</u>	<u>5,679,330.90</u>	<u>9,596,874.83</u>	<u>6,956,122.01</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	3,112,280.94	2,797,471.32	3,158,962.35	2,504,662.68	1,996,817.16
Water Utility Liens Receivable	12,402,463.65	11,210,851.51	10,636,507.62	10,268,170.37	9,801,600.88
	<u>15,514,744.59</u>	<u>14,008,322.83</u>	<u>13,795,469.97</u>	<u>12,772,833.05</u>	<u>11,798,418.04</u>
Deferred Charges:					
Operating Deficit	423,273.67				
Overexpenditure of Appropriation					48,215.69
Total Operating Fund	<u>19,972,998.98</u>	<u>19,888,035.12</u>	<u>19,474,800.87</u>	<u>22,369,707.88</u>	<u>18,802,755.74</u>
Capital Fund:					
Cash	699,039.58	699,039.58	699,039.58	150,175.58	256,501.55
Fixed Capital	107,555,045.99	107,555,045.99	101,586,631.03	101,586,631.03	99,235,702.17
Fixed Capital Authorized and Uncompleted			9,060,000.00	9,060,000.00	12,560,000.00
Due from State of New Jersey:					
Environmental Infrastructure Trust Fund					
Receivable:					
Loan Proceeds				689,696.00	689,696.00
Due from Sewer Utility Capital Fund					3,872,987.00
Total Capital Fund	<u>108,254,085.57</u>	<u>108,254,085.57</u>	<u>111,345,670.61</u>	<u>111,486,502.61</u>	<u>116,614,886.72</u>
Total Assets	<u>\$ 128,227,084.55</u>	<u>\$ 128,142,120.69</u>	<u>\$ 130,820,471.48</u>	<u>\$ 133,856,210.49</u>	<u>\$ 135,417,642.46</u>

(Continued)

**CITY OF CAMDEN**  
**WATER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<b>Operating Fund:</b>					
Appropriation Reserves	\$ 1,691,479.80	\$ 303,633.12	\$ 933,767.63	\$ 2,496,735.55	\$ 1,878,513.22
Reserve for Encumbrances	617,684.66	1,320,127.09	161,989.04	1,869,442.49	510,517.23
Due to Bank	2,072.81				
Accounts Payable			9,394.77	829.58	
Accrued Interest on Loans	98,697.93	142,751.06	184,061.47	223,232.31	260,280.01
Prepaid Water Rents	481,601.29	173,049.69	97,315.63	149,278.00	313,812.58
Due to Current Fund	256,818.91	256,818.91	1,036,108.90	1,033,819.70	
Due to Federal and State Grant Fund					26,868.00
Due to Trust - Other Funds					156,923.56
Due to Sewer Utility Operating Fund	361,324.13	678,810.94	678,810.94	678,810.94	339,405.47
	3,509,679.53	2,875,190.81	3,101,448.38	6,452,148.57	3,486,320.07
Reserve for Receivables	15,514,744.59	14,008,322.83	13,795,469.97	12,772,833.05	11,798,418.04
Fund Balance	948,574.86	3,004,521.48	2,577,882.52	3,144,726.26	3,518,017.63
<b>Total Operating Fund</b>	<b>19,972,998.98</b>	<b>19,888,035.12</b>	<b>19,474,800.87</b>	<b>22,369,707.88</b>	<b>18,802,755.74</b>
<b>Capital Fund:</b>					
Due to Current Fund	538,948.22	538,948.22			
Due to Water Utility Operating Fund	1,376,269.45	1,376,269.45	1,376,269.45	300,000.00	3,871,094.95
Improvement Authorizations:					
Funded			796,921.26	958,216.26	840,883.26
Unfunded			2,833,612.00	2,672,317.00	3,821,388.14
Contracts Payable					525,551.02
Reserve for Amortization	95,232,050.46	91,418,837.22	85,922,029.06	82,258,525.29	78,673,245.41
Deferred Reserve for Amortization			1,995,000.00	1,995,000.00	1,995,000.00
Due to State of New Jersey:					
Environmental Infrastructure Trust					
Loans Payable	10,060,910.21	13,874,123.45	17,633,904.65	21,458,703.42	25,043,983.30
Capital Improvement Fund	393,985.06	393,985.06	393,985.06	393,985.06	393,985.06
Reserve for Payment of New Jersey					
Environmental Infrastructure Loans	651,922.17	651,922.17	393,949.13	1,449,755.58	1,449,755.58
<b>Total Capital Fund</b>	<b>108,254,085.57</b>	<b>108,254,085.57</b>	<b>111,345,670.61</b>	<b>111,486,502.61</b>	<b>116,614,886.72</b>
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 128,227,084.55</b>	<b>\$ 128,142,120.69</b>	<b>\$ 130,820,471.48</b>	<b>\$ 133,856,210.49</b>	<b>\$ 135,417,642.46</b>

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
**WATER UTILITY OPERATING FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenue and Other</b>					
<b><u>Income Realized</u></b>					
Operating Surplus Anticipated	\$ 2,055,946.62	\$ 1,500,000.00	\$ 1,229,086.00	\$ 2,406,149.90	\$ 5,726,380.31
Water Utility Rents	10,041,574.89	11,756,490.35	10,578,607.53	10,586,174.79	10,430,140.82
Miscellaneous	708,829.72	763,440.22	726,266.02	923,028.95	913,753.52
Merchantville-Pennsauken Water Commission	147,229.28	147,229.28	163,509.12	163,509.12	179,582.48
Capacity Fees	182,531.00	201,607.34	197,601.58	208,046.64	889,187.40
<b>Water Utility Capital Fund:</b>					
Reserve for Payment of New Jersey Environmental Infrastructure Loans			1,076,269.45		
Non-Budget Revenues	100,000.00	16,187.50			
<b>Other Credits to Income:</b>					
Recapture of Prior Year Revenues	12,827.01				
Refund of Prior Years' Expenditures	174,160.52			1,067.21	
Unexpended Balance of Appropriation Reserves	303,633.12	686,988.00	756,317.49	1,873,375.95	153,481.33
<b>Cancellation of:</b>					
Accounts Payable		9,394.77			
<b>Total Income</b>	<b>13,726,732.16</b>	<b>15,081,337.46</b>	<b>14,727,657.19</b>	<b>16,161,352.56</b>	<b>18,292,525.86</b>
<b><u>Expenditures</u></b>					
Operating	9,591,183.25	8,991,552.71	8,410,829.50	7,951,784.00	8,169,058.31
Capital Improvements	500,000.00				
Debt Service	4,058,822.58	4,110,645.79	4,113,085.43	4,128,102.20	3,976,308.16
Deferred Charges				48,215.69	
Statutory Expenditures			1,500,000.00	2,000,000.00	4,595,500.00
Refund of Prior Years' Revenues		52,500.00	41,500.00	392.14	
<b>Total Expenditures</b>	<b>14,150,005.83</b>	<b>13,154,698.50</b>	<b>14,065,414.93</b>	<b>14,128,494.03</b>	<b>16,740,866.47</b>
Excess in Revenue	-	1,926,638.96	662,242.26	2,032,858.53	1,551,659.39
Deficit in Revenue	(423,273.67)				
<b>Adjustments to Income before Surplus:</b>					
Expenditures included above which are by Statute Deferred					
Charged to Budget of Succeeding Year	423,273.67	-	-	-	-
<b>Statutory Excess to Surplus</b>	<b>-</b>	<b>1,926,638.96</b>	<b>662,242.26</b>	<b>2,032,858.53</b>	<b>1,551,659.39</b>
<b><u>Fund Balance</u></b>					
Balance July 1	3,004,521.48	2,577,882.52	3,144,726.26	3,518,017.63	7,692,738.55
Decreased	3,004,521.48	4,504,521.48	3,806,968.52	5,550,876.16	9,244,397.94
Utilized as Revenue	2,055,946.62	1,500,000.00	1,229,086.00	2,406,149.90	5,726,380.31
<b>Balance June 30</b>	<b>\$ 948,574.86</b>	<b>\$ 3,004,521.48</b>	<b>\$ 2,577,882.52</b>	<b>\$ 3,144,726.26</b>	<b>\$ 3,518,017.63</b>

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
**SEWER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>					
<b>Operating Fund:</b>					
Cash	\$ 5,321,463.89	\$ 5,225,992.73	\$ 5,360,062.92	\$ 10,109,237.69	\$ 5,348,465.09
Due from Current Fund					2,024,896.60
Due from Trust - Other Funds	14,585.46	14,585.46	34,399.46	34,399.46	17,199.73
Due from Water Utility Operating Fund	361,324.13	678,810.94	678,810.94	678,810.94	339,405.47
	<u>5,697,373.48</u>	<u>5,919,389.13</u>	<u>6,073,273.32</u>	<u>10,822,448.09</u>	<u>7,729,966.89</u>
<b>Receivables with Full Reserves:</b>					
Consumer Accounts Receivable	1,902,658.39	2,455,935.13	2,596,706.57	2,529,908.26	2,452,910.69
Sewer Utility Liens Receivable	7,600,747.90	6,855,675.35	6,625,826.79	6,490,629.31	6,301,326.47
	<u>9,503,406.29</u>	<u>9,311,610.48</u>	<u>9,222,533.36</u>	<u>9,020,537.57</u>	<u>8,754,237.16</u>
<b>Deferred Charges:</b>					
Overexpenditure of Appropriations					35,987.01
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,987.01</u>
<b>Total Operating Fund</b>	<u>15,200,779.77</u>	<u>15,230,999.61</u>	<u>15,295,806.68</u>	<u>19,842,985.66</u>	<u>16,520,191.06</u>
<b>Capital Fund:</b>					
Cash	1,363,479.26	1,783,419.37	634,146.94	338,848.49	5,451,156.93
Fixed Capital	84,150,764.28	84,150,764.28	64,956,700.00	64,956,700.00	64,956,700.00
Fixed Capital Authorized and Uncompleted	20,300,000.00	20,300,000.00	20,760,000.00	20,760,000.00	20,760,000.00
<b>Due from State of New Jersey:</b>					
Environmental Infrastructure Trust Fund Receivable					1,063,656.00
Environmental Infrastructure Trust Fund Receivable - Principal Forgiveness					350,228.00
Due from Current Fund	419,940.11			61,953.58	
Due from Sewer Utility Operating Fund	606,838.85	606,838.85	1,756,111.28	3,205,383.71	1,496,368.48
<b>Total Capital Fund</b>	<u>106,841,022.50</u>	<u>106,841,022.50</u>	<u>88,106,958.22</u>	<u>89,322,885.78</u>	<u>94,078,109.41</u>
<b>Total Assets</b>	<u>\$ 122,041,802.27</u>	<u>\$ 122,072,022.11</u>	<u>\$ 103,402,764.90</u>	<u>\$ 109,165,871.44</u>	<u>\$ 110,598,300.47</u>

(Continued)



**CITY OF CAMDEN**  
**SEWER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
<b>Operating Fund:</b>					
<b>Liabilities:</b>					
Appropriation Reserves	\$ 356,827.44	\$ 940,349.82	\$ 102,421.06	\$ 2,225,338.60	\$ 903,398.76
Reserve for Encumbrances	486,438.49	535,786.04	318,259.84	1,734,481.06	521,298.88
Accounts Payable	31,747.57	75,950.72	125,501.97	47,215.24	98,753.55
Due to Current Fund	337,571.33	337,571.33	1,607,059.04	1,605,921.11	
Due to Sewer Utility Capital Fund	606,838.85	606,838.85	1,756,111.28	3,205,383.71	1,496,368.48
Accrued Interest on Loans	107,786.46	125,479.17	142,119.79	158,011.46	173,073.97
Prepaid Sewer Rents	137,752.44	466,054.16	293,266.07	229,840.52	263,111.71
	<u>2,064,962.58</u>	<u>3,088,030.09</u>	<u>4,344,739.05</u>	<u>9,206,191.70</u>	<u>3,456,005.35</u>
Reserve for Receivables	9,503,406.29	9,311,610.48	9,222,533.36	9,020,537.57	8,754,237.16
Fund Balance	<u>3,632,410.90</u>	<u>2,831,359.04</u>	<u>1,728,534.27</u>	<u>1,616,256.39</u>	<u>4,309,948.55</u>
<b>Total Operating Fund</b>	<u>15,200,779.77</u>	<u>15,230,999.61</u>	<u>15,295,806.68</u>	<u>19,842,985.66</u>	<u>16,520,191.06</u>
<b>Capital Fund:</b>					
Reserve for New Jersey Environmental Infrastructure Trust Principal Forgiveness					350,228.00
Contracts Payable			287.65	66,942.78	1,194,375.04
Improvement Authorizations:					
Funded			869,990.97	869,990.97	436,970.59
Unfunded	20,300,000.00	20,300,000.00	695,657.10	695,657.10	1,467,147.85
Reserve for Amortization	70,236,034.16	68,103,609.55	60,474,669.57	58,413,255.24	55,977,380.77
Deferred Reserve for Amortization			6,410,085.00	6,410,085.00	6,059,857.00
New Jersey Environmental Infrastructure Trust Loans Payable	13,661,139.42	15,793,564.03	17,882,409.98	19,943,824.31	21,967,698.78
Due to Water Utility Capital Fund					3,872,987.00
Capital Improvement Fund	1,308,553.53	1,308,553.53	1,308,553.53	1,308,553.53	1,308,553.53
Reserve for Payment of New Jersey Environmental Infrastructure Loans	1,041,656.97	1,041,656.97	171,666.00	171,666.00	
Capital Fund Balance	<u>293,638.42</u>	<u>293,638.42</u>	<u>293,638.42</u>	<u>1,442,910.85</u>	<u>1,442,910.85</u>
<b>Total Capital Fund</b>	<u>106,841,022.50</u>	<u>106,841,022.50</u>	<u>88,106,958.22</u>	<u>89,322,885.78</u>	<u>94,078,109.41</u>
<b>Total Liabilities, Reserves and Fund Balance</b>	<u>\$ 122,041,802.27</u>	<u>\$ 122,072,022.11</u>	<u>\$ 103,402,764.90</u>	<u>\$ 109,165,871.44</u>	<u>\$ 110,598,300.47</u>

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
**SEWER UTILITY OPERATING FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Year Ended June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenue and Other Income Realized</b>					
Operating Surplus Anticipated	\$ 482,308.00	\$ 807,551.06		\$ 3,318,257.98	\$ 618,927.01
Sewer Utility Rents	7,463,190.05	8,622,963.36	\$ 7,362,957.17	7,378,375.71	8,022,796.48
Miscellaneous	927,823.73	352,613.65	205,414.97	636,916.46	795,242.24
Capacity Fee	79,609.75	506,390.02	248,796.50	278,032.02	1,058,491.19
Sewer Utility Capital Fund:					
Capital Fund Balance			1,149,272.43		
Other Credits to Income:					
Recapture of Prior Year Revenues	8,034.56				
Refund of Prior Years' Expenditures	419,940.11			574.65	
Unexpended Balance of Appropriation Reserves	1,027,733.15	102,421.06	535,636.88	903,398.76	61,953.58
Cancellation of Prepaid Sewer Rents		49,347.12		263,111.71	203,356.33
<b>Total Income</b>	<b>10,408,639.35</b>	<b>10,441,286.27</b>	<b>9,502,077.95</b>	<b>12,778,667.29</b>	<b>10,760,766.83</b>
<b>Expenditures</b>					
Operating	6,480,628.84	6,137,586.36	6,984,119.91	7,000,000.00	7,150,000.43
Capital Improvements	250,000.00				
Debt Service	2,394,650.65	2,393,324.08	2,405,680.16	2,406,114.46	2,117,384.62
Deferred Charges				447,987.01	412,000.00
Surplus (General Budget)				2,300,000.00	
<b>Total Expenditures</b>	<b>9,125,279.49</b>	<b>8,530,910.44</b>	<b>9,389,800.07</b>	<b>12,154,101.47</b>	<b>9,679,385.05</b>
Excess in Revenue	1,283,359.86	1,910,375.83	112,277.88	624,565.82	1,081,381.78
Adjustments to Income before Surplus:					
Expenditures included above which are by Statute					
Deferred Charged to Budget of Succeeding Year					9,552.44
Statutory Excess to Surplus	1,283,359.86	1,910,375.83	112,277.88	624,565.82	1,090,934.22
<b>Fund Balance</b>					
Balance July 1	2,831,359.04	1,728,534.27	1,616,256.39	4,309,948.55	3,837,941.34
Decreased	4,114,718.90	3,638,910.10	1,728,534.27	4,934,514.37	4,928,875.56
Utilized as Revenue	482,308.00	807,551.06		3,318,257.98	618,927.01
Balance June 30	<b>\$ 3,632,410.90</b>	<b>\$ 2,831,359.04</b>	<b>\$ 1,728,534.27</b>	<b>\$ 1,616,256.39</b>	<b>\$ 4,309,948.55</b>

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
**PUBLIC TRUST FUND**

Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>					
Due from Trust - Other Fund	\$ -	\$ -	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51
Total Assets	\$ -	\$ -	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51
<u>LIABILITIES AND RESERVES</u>					
Due to Current Fund	\$ -	\$ -	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51
Total Liabilities and Reserves	\$ -	\$ -	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51

The accompanying notes to financial statements are an integral part of these statements.

**CITY OF CAMDEN**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The City of Camden (hereafter referred to as the "City") was incorporated in 1828. It is the eighth largest city in the State of New Jersey, and covers a land area of 9.8 square miles in Camden County, in the southwest portion of the State. The City is the county seat. It is located directly across the Delaware River from Philadelphia, Pennsylvania, and is part of the Philadelphia Standard Metropolitan Statistical Area ("SMSA"). According to the 2010 census, the population is 77,344.

The City has a Mayor-Council form of government. In 1994, the City opted to modify the form of government. At that time, the City was divided into four districts instead of electing the entire Council at-large. One Council member is elected from each of the four districts and three Council members are elected at-large. The Mayor is separately elected. The executive and administrative responsibility rests with the Mayor, who is assisted by the City Clerk and the City Business Administrator.

**Component Units** - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

City of Camden Free Public Library  
418 Federal Street  
Camden, New Jersey 08101

City of Camden Redevelopment Agency  
13<sup>th</sup> Floor City Hall  
Camden, New Jersey 08101

City of Camden Housing Authority  
2021 Watson Street  
Camden, New Jersey 08105

Annual financial reports may be inspected directly at the offices of these component units 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* (the "*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.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)** - In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group 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.

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

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

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)**

**Cash, Cash Equivalents and Investments (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.

**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.

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

**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, water utility operating fund, and 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 to 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 Camden and the City of Camden 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 Camden 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 July 1, 2019 to June 30, 2020.

**County Taxes** - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. 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. In municipalities that which operate on a fiscal year (i.e. July 1 - June 30), such as the City, operations is charged for the full amount of taxes required to be paid during the calendar year 2019 less one-half of the calendar year 2018 taxes, plus one-half of the full amount of taxes required to be paid during 2020. 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 calendar 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.

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

**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 June 30, 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.

**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 are classified as uninsured and uncollateralized.

As of June 30, 2020, the City's bank balances of \$124,837,532.34 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 78,448,783.02
Uninsured and Uncollateralized	<u>46,388,749.32</u>
Total	<u>\$ 124,837,532.34</u>



**Note 2: CASH AND CASH EQUIVALENTS (CONT'D)**

**New Jersey Cash Management Fund** - During the year, the City participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2020, the City's deposits with the New Jersey Cash Management Fund were \$1,052.86.

**Note 3: INVESTMENTS**

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipal units.

These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; government money market mutual funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress; bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; local government investment pools; deposits with the State of New Jersey Cash Management Fund; and agreements for the purchase of fully collateralized securities with certain provisions. The City has no investment policy that would further limit its investment choices.

**Custodial Credit Risk Related to Investments** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party if the counterparty to the transactions fails. As of June 30, 2020, the City's balance of investments was \$694,435.16, which consisted of mutual funds. Mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City has no investment policy to limit its exposure to custodial credit risk.

As of June 30, 2020 the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>	<u>Fair Value Hierarchy Level</u> *	<u>Fair Value</u>
Current Fund:				
T-Fund Inst'l Shares	daily	\$ 25,438.33	Level 1	\$ 25,438.33
Trust - Other Funds:				
Mutual Funds - Money Market	daily	28,515.38	Level 1	28,515.38
Mutual Funds - Fixed Income	daily	477,493.20	Level 1	507,859.82
ETF - Equities	daily	31,567.28	Level 1	39,748.32
Mutual Funds - Equity	daily	131,420.97	Level 1	306,236.21
Total Trust - Other Funds		668,996.83		882,359.73
Total		\$ 694,435.16		\$ 907,798.06

\* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

**Note 3: INVESTMENTS (CONT'D)****Custodial Credit Risk Related to Investments (Cont'd) -**

- \* Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.
- \* Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City has no investment policy that would further limit its exposure to credit risk. Of the City's total investment in mutual funds of \$694,435.16, \$25,438.33 was rated by Standard & Poor's as AAAM, while the remaining mutual funds totaling \$668,996.83 had no rating.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 18A:20-37, the City's investment policies place no limit on the amount the City may invest in any one issuer. Since all of the City's investments are in mutual funds, no disclosures are required for the concentration of credit risk as such investments are exempt from such disclosure.

**Note 4: 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>Calendar Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ 3.180	\$ 3.045	\$ 3.029	\$ 2.955	\$ 2.861
Apportionment of Tax Rate:					
Municipal	\$ 1.655	\$ 1.671	\$ 1.607	\$ 1.587	\$ 1.529
County	.861	.861	.909	.863	.829
County Library	.057	.055	.058	.055	.053
County Open Space Preservation					
Trust Fund	.022	.022	.023	.021	.021
District School	.585	.436	.432	.429	.429

**Note 4: PROPERTY TAXES (CONT'D)**

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

**Assessed Valuation**

<u>Calendar Year</u>	<u>Amount</u>
2020	\$ 1,712,794,938.00
2019	1,688,244,310.00
2018	1,685,975,824.00
2017	1,697,364,582.00
2016	1,696,103,611.00

**Comparison of Tax Levies and Collections**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 51,876,647.02	\$ 47,570,434.36	91.70%
2019	51,740,768.70	47,014,263.58	90.87%
2018	50,238,164.20	45,825,600.11	91.22%
2017	49,639,592.90	44,454,980.03	89.56%
2016	47,917,602.14	42,847,364.58	89.42%

**Delinquent Taxes and Tax Title Liens**

<u>Fiscal Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 66,730,805.09	\$ 193,831.29	\$ 66,924,636.38	129.01%
2019	65,237,722.11	181,733.95	65,419,456.06	126.44%
2018	61,806,242.71	220,040.17	62,026,282.88	123.46%
2017	60,976,284.61	414,863.23	61,391,147.84	123.67%
2016	58,331,168.16	476,320.92	58,807,489.08	122.73%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Fiscal Year</u>	<u>Number</u>
2020	17,209
2019	16,995
2018	16,658
2017	16,392
2016	16,008

**Note 5: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on June 30, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 54,022,000.00
2019	54,524,400.00
2018	56,633,600.00
2017	54,805,557.95
2016	50,765,500.00

**Note 6: WATER AND SEWER UTILITY SERVICE CHARGES**

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

**Water**

<u>Fiscal Year</u>	<u>Balance Beginning of Year</u>				<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	
2020	\$ 2,797,471.32	\$ 11,210,851.51	\$ 11,693,350.20	\$ 25,701,673.03	\$ 10,041,574.89
2019	3,158,962.35	10,636,507.62	12,449,511.37	26,244,981.34	11,756,490.35
2018	2,504,662.68	10,268,170.37	11,657,647.63	24,430,480.68	10,578,607.53
2017	1,996,817.16	9,801,600.88	11,245,033.91	23,043,451.95	10,586,174.79
2016	3,007,745.72	9,009,783.76	11,559,114.67	23,576,644.15	10,430,140.82

**Sewer**

<u>Fiscal Year</u>	<u>Balance Beginning of Year</u>				<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	
2020	\$ 2,455,935.13	\$ 6,855,675.35	\$ 7,911,426.94	\$ 17,223,037.42	\$ 7,463,190.05
2019	2,596,706.57	6,625,826.79	9,037,769.18	18,260,302.54	8,622,963.36
2018	2,529,908.26	6,490,629.31	7,666,975.50	16,687,513.07	7,362,957.17
2017	2,452,910.69	6,301,326.47	7,767,890.92	16,522,128.08	7,641,487.42
2016	3,645,757.75	5,928,785.97	8,026,468.23	17,601,011.95	8,022,796.48

**Note 7: 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>Fiscal Year</u>	<u>Balance June 30,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 23,587,979.95	\$ 3,510,582.45	14.88%
2019	20,221,687.55	10,000,000.00	49.45%
2018	13,012,773.57	10,000,000.00	76.85%
2017	17,587,376.82	15,000,000.00	85.29%
2016	14,980,328.27	14,179,977.75	94.66%

**Water Utility Operating Fund**

<u>Fiscal Year</u>	<u>Balance June 30,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 948,574.86	-	-
2019	3,004,521.48	\$ 2,055,946.62	68.43%
2018	2,577,882.52	1,500,000.00	58.19%
2017	3,144,726.26	1,229,086.00	39.08%
2016	3,518,017.63	2,406,149.90	68.40%

**Sewer Utility Operating Fund**

<u>Fiscal Year</u>	<u>Balance June 30,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 3,632,410.90	\$ 1,404,870.00	38.68%
2019	2,831,359.04	482,308.00	17.03%
2018	1,728,534.27	807,551.06	46.72%
2017	1,616,256.39	-	-
2016	4,309,948.55	3,318,257.98	76.99%

**Note 8: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of June 30, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 1,161,802.63	\$ 10,614,291.45
Federal and State Grant	2,221,513.07	2,446,478.50
Trust - Animal Control		28,464.17
Trust - Other	7,877,898.26	103,385.56
General Capital	2,630,218.61	
Sewer Utility Operating	375,909.59	944,410.18
Sewer Utility Capital	1,026,778.96	
Water Utility Operating	1,376,269.45	618,143.04
Water Utility Capital		1,915,217.67
Totals	<u>\$ 16,670,390.57</u>	<u>\$ 16,670,390.57</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the fiscal year 2021, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 9: 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, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

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

**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' 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' Board of Trustees is primarily responsible for the administration of the PERS.

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**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' 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' 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 New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (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.

**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 10 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 with 25 years or more of service credit before age 62, 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 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**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 10 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 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.

**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 non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable 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. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2020. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2020. 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 June 30, 2020 was 14.89% of the City's covered 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, 2019, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 is \$2,145,557.00, and was payable by April 1, 2021. 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, 2018, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$2,127,695.00, which was paid on April 1, 2020. Employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$1,099,398.59.



**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System** - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 10.0% in State fiscal year 2020. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

*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 fiscal year ended June 30, 2020 was 32.12% of the City's covered 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, 2019, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 is \$5,387,190.00, and was payable by April 1, 2021. 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, 2018, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$4,878,468.00, which was paid on April 1, 2020. Employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$1,682,293.50.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the fiscal year ended June 30, 2020 was 3.80% of the City's covered payroll.

Based on the PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the City, to the pension plan for the fiscal year ended June 30, 2020 was \$628,828.00, which was paid on April 1, 2020.

**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 fiscal year ended June 30, 2020, employee contributions totaled \$78,870.06, and the City's contributions were \$45,028.29. There were no forfeitures during the year.

**Note 9: PENSION PLANS (CONT'D)**

**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees' Retirement System** - At June 30, 2020, the City's proportionate share of the PERS net pension liability was \$39,413,614.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the City's proportion was 0.2187399105%, which was a decrease of 0.0372157623% from its proportion measured as of June 30, 2018.

At June 30, 2020, the City's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2019 measurement date is \$713,197.00. 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 fiscal year ended June 30, 2020, the City's contribution to PERS was \$2,127,695.00, and was paid on April 1, 2020.

**Police and Firemen's Retirement System** - At June 30, 2020, 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	\$ 59,104,228.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	9,332,670.00
	\$ 68,436,898.00

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the City's proportion was 0.4829637487%, which was an increase of 0.0188781989% from its proportion measured as of June 30, 2018. Likewise, at June 30, 2019, the State of New Jersey's proportion, on-behalf of the City, was 0.4829637487%, which was an increase of 0.0188781989% from its proportion, on-behalf of the City, measured as of June 30, 2018.

At June 30, 2020, the City's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$11,080,744.00). 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 fiscal year ended June 30, 2020, the City's contribution to PFRS was \$4,878,468.00, and was paid on April 1, 2020.

At June 30, 2020, the State's proportionate share of the PFRS pension expense, associated with the City, calculated by the Plan as of the June 30, 2019 measurement date is \$1,084,380.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) 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 June 30, 2020, 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	\$ 707,423.00	\$ 498,916.00	\$ 1,206,339.00	\$ 174,112.00	\$ 374,200.00	\$ 548,312.00
Changes of Assumptions	3,935,594.00	2,025,233.00	5,960,827.00	13,680,340.00	19,101,945.00	32,782,285.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	622,159.00	800,843.00	1,423,002.00
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	933,686.00	2,655,815.00	3,589,501.00	7,977,073.00	9,967,919.00	17,944,992.00
City Contributions Subsequent to the Measurement Date	2,145,557.00	5,387,190.00	7,532,747.00	-	-	-
	<u>\$ 7,722,260.00</u>	<u>\$ 10,567,154.00</u>	<u>\$ 18,289,414.00</u>	<u>\$ 22,453,684.00</u>	<u>\$ 30,244,907.00</u>	<u>\$ 52,698,591.00</u>

\$2,145,557.00 and \$5,387,190.00 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 June 30, 2021. These amounts were based on an estimated April 1, 2021 contractually required contribution.

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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) 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 (cont'd):

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
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	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
June 30, 2019	-	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
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) 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:

<b>Fiscal Year Ending June 30,</b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2021	\$ (2,711,569.00)	\$ (8,041,111.00)	\$(10,752,680.00)
2022	(5,657,971.00)	(7,756,567.00)	(13,414,538.00)
2023	(4,899,933.00)	(5,713,112.00)	(10,613,045.00)
2024	(3,108,781.00)	(2,745,883.00)	(5,854,664.00)
2025	(498,727.00)	(808,270.00)	(1,306,997.00)
	<u>\$ (16,876,981.00)</u>	<u>\$ (25,064,943.00)</u>	<u>\$(41,941,924.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases (1):		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

(1) Based on Years of Service

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PFRS, pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2019) 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' and PFRS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	<u>12.00%</u>	10.85%
	<u>100.00%</u>	

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28% for PERS and 6.85% 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 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**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, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, 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:

	<b>PERS</b>		
	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
City's Proportionate Share of the Net Pension Liability	<u>\$ 49,785,798.00</u>	<u>\$ 39,413,614.00</u>	<u>\$ 30,673,578.00</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, 2019, the Plan's measurement date, for the City and the State of New Jersey, calculated using a discount rate of 6.85%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
City's Proportionate Share of the Net Pension Liability	\$ 79,887,379.00	\$ 59,104,228.00	\$ 41,903,177.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	<u>12,614,369.00</u>	<u>9,332,670.00</u>	<u>6,616,591.00</u>
	<u>\$ 92,501,748.00</u>	<u>\$ 68,436,898.00</u>	<u>\$ 48,519,768.00</u>

**Note 9: PENSION PLANS (CONT'D)****Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Supplementary Pension Information**

In accordance with GASBS 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 Seven Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Proportion of the Net Pension Liability	0.2187399105%	0.2559556728%	0.2536892539%	0.2576707343%
City's Proportionate Share of the Net Pension Liability	\$ 39,413,614.00	\$ 50,396,396.00	\$ 59,054,803.00	\$ 76,314,681.00
City's Covered Payroll (Plan Measurement Period)	\$ 15,466,744.00	\$ 17,983,820.00	\$ 17,515,764.00	\$ 17,522,248.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	254.83%	280.23%	337.15%	435.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
City's Proportion of the Net Pension Liability	0.2714664026%	0.2570163840%	0.2375671563%	
City's Proportionate Share of the Net Pension Liability	\$ 60,938,768.00	\$ 48,120,496.00	\$ 45,403,804.00	
City's Covered Payroll (Plan Measurement Period)	\$ 18,480,656.00	\$ 17,614,716.00	\$ 16,293,304.00	
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	329.74%	273.18%	278.67%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	



**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Seven Years)***

	<u>Fiscal Year Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Contractually Required Contribution	\$ 2,145,557.00	\$ 2,127,695.00	\$ 2,545,932.00	\$ 2,350,160.00
City's Contribution in Relation to the Contractually Required Contribution	\$ (2,145,557.00)	(2,127,695.00)	(2,545,932.00)	(2,350,160.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Fiscal Year)	14,413,491.00	\$ 14,694,324.00	\$ 16,340,283.00	\$ 17,920,018.00
City's Contributions as a Percentage of Covered Payroll	14.89%	14.48%	15.58%	13.11%
	<u>Fiscal Year Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
City's Contractually Required Contribution	\$ 2,289,110.00	\$ 2,333,883.00	\$ 2,118,806.00	
City's Contribution in Relation to the Contractually Required Contribution	(2,289,110.00)	(2,333,883.00)	(2,118,806.00)	
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's Covered Payroll (Fiscal Year)	\$ 17,430,768.00	\$ 17,824,124.00	\$ 17,782,634.00	
City's Contributions as a Percentage of Covered Payroll	13.13%	13.09%	11.92%	

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Proportion of the Net Pension Liability	0.4829637487%	0.4640855498%	0.5128999242%	0.5296171977%
City's Proportionate Share of the Net Pension Liability	\$ 59,104,228.00	\$ 62,798,426.00	\$ 79,181,832.00	\$ 101,170,432.00
State's Proportionate Share of the Net Pension Liability associated with the City	9,332,670.00	8,530,128.00	8,869,032.00	8,495,807.00
Total	<u>\$ 68,436,898.00</u>	<u>\$ 71,328,554.00</u>	<u>\$ 88,050,864.00</u>	<u>\$ 109,666,239.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 16,052,204.00	\$ 15,288,836.00	\$ 16,285,796.00	\$ 16,657,396.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	368.20%	410.75%	486.20%	607.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%

**Note 9: 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 Seven Plan Years) (Cont'd)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.5267772103%	0.6583263455%	1.2131066290%
City's Proportionate Share of the Net Pension Liability	\$ 87,742,721.00	\$ 82,811,348.00	\$ 161,271,579.00
State's Proportionate Share of the Net Pension Liability associated with the City	<u>7,694,742.00</u>	<u>8,917,390.00</u>	<u>15,032,470.00</u>
Total	<u>\$ 95,437,463.00</u>	<u>\$ 91,728,738.00</u>	<u>\$ 176,304,049.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 16,657,396.00	\$ 18,493,440.00	\$ 37,204,872.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	526.75%	447.79%	433.47%
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 Seven Years)***

	<u>Fiscal Year Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Contractually Required Contribution	\$ 5,387,190.00	\$ 4,878,468.00	\$ 4,537,120.00	\$ 4,539,259.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(5,387,190.00)</u>	<u>(4,878,468.00)</u>	<u>(4,537,120.00)</u>	<u>(4,539,259.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Fiscal Year)	\$ 16,770,457.00	\$ 16,557,177.00	\$ 15,783,868.00	\$ 15,534,207.00
City's Contributions as a Percentage of Covered Payroll	32.12%	29.46%	28.75%	29.22%

  

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Contractually Required Contribution	\$ 4,318,184.00	\$ 4,281,913.00	\$ 5,056,401.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(4,318,184.00)</u>	<u>(4,281,913.00)</u>	<u>(5,056,401.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Fiscal Year)	\$ 16,390,126.00	\$ 16,898,676.00	\$ 16,898,676.00
City's Contributions as a Percentage of Covered Payroll	26.35%	25.34%	29.92%

**Note 9: 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 at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30<sup>th</sup> over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

***Police and Firemen's Retirement System (PFRS)***Changes in Benefit Terms

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017, 6.51% 2018 and 6.85% 2019.

The Long-term Expected Rate of Return changed at June 30<sup>th</sup> over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

**Note 9: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-201 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The City contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****General Information about the OPEB Plan (Cont'd)**

**Plan Description and Benefits Provided (Cont'd)** - Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The City was billed monthly by the Plan and paid \$7,349,018.98, for the fiscal year ended June 30, 2020, representing 23.57% of the City's covered payroll. During the fiscal year ended June 30, 2020, retirees were required to contribute \$193,693.63 to the Plan.

*Special Funding Situation Component* - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

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

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**General Information about the OPEB Plan (Cont'd)**

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the City, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the City, is \$484,007.00 for the fiscal year ended June 30, 2020 representing 1.55% of the City's covered payroll.

**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At June 30, 2020, the City's and State's proportionate share of the net OPEB liability were as follows:

City's Proportionate Share of Net OPEB Liability	\$ 113,982,873.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the City	36,514,391.00
	\$ 150,497,264.00

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The City's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the City's proportion was 0.841446% which was a decrease of 0.107732% from its proportion measured as of the June 30, 2018 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the City was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the City was 0.660808% which was a decrease of 0.018387% from its proportion measured as of the June 30, 2018 measurement date.

**OPEB Expense** - At June 30, 2020, the City's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$7,688,187.00). 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 fiscal year ended June 30, 2020, the City made contributions to the Plan totaling \$7,349,018.98.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**OPEB Expense (Cont'd)** - At June 30, 2020, the State's proportionate share of the OPEB expense, associated with the City, calculated by the Plan as of the June 30, 2019 measurement date is \$484,007.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At June 30, 2020, the City had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 33,333,035.00
Changes of Assumptions	-	40,392,995.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	93,890.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	-	40,265,485.00
City Contributions Subsequent to the Measurement Date	7,349,018.98	-
	<u>\$ 7,442,908.98</u>	<u>\$ 113,991,515.00</u>

\$7,349,018.98 reported as deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be included as a reduction of the City's net OPEB liability during the transitional year ending December 31, 2020. The City will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability will be recognized in future periods as follows:

<b>Fiscal Year Ending June 30,</b>	
2021	\$ (18,618,110.00)
2022	(18,618,110.00)
2023	(18,625,470.00)
2024	(18,637,366.00)
2025	(18,648,237.00)
Thereafter	<u>(20,750,332.00)</u>
	<u><u>\$ (113,897,625.00)</u></u>

**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Years	3.25% to 15.25%

\* Salary Increases are Based on Years of Service  
Within the Respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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



**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions** - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**Sensitivity of the net OPEB Liability to Changes in the Discount Rate**

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the City's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, for the City and the State of New Jersey, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
City's Proportionate Share of the Net OPEB Liability	\$ 131,793,197.00	\$ 113,982,873.00	\$ 99,509,631.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	42,219,925.00	36,514,391.00	31,877,891.00
	<u>\$ 174,013,122.00</u>	<u>\$ 150,497,264.00</u>	<u>\$ 131,387,522.00</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The City's and State's proportionate share of the net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ 96,187,498.00	\$ 113,982,873.00	\$ 136,683,870.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	<u>30,813,646.00</u>	<u>36,514,391.00</u>	<u>43,786,651.00</u>
	<u>\$ 127,001,144.00</u>	<u>\$ 150,497,264.00</u>	<u>\$ 180,470,521.00</u>

**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. 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 OPEB Liability (Last Three Plan Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.841446%	0.949178%	0.973153%
City's Proportionate Share of the Net OPEB Liability	\$ 113,982,873.00	\$ 148,704,093.00	\$ 198,676,861.00
State's Proportionate Share of the Net OPEB Liability Associated with the City	<u>36,514,391.00</u>	<u>42,204,121.00</u>	<u>52,794,114.00</u>
Total	<u>\$ 150,497,264.00</u>	<u>\$ 190,908,214.00</u>	<u>\$ 251,470,975.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 31,251,501.00	\$ 32,124,151.00	\$ 33,454,225.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	364.73%	462.90%	593.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the City's Contributions (Last Four Fiscal Years)***

	<u>Fiscal Year Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Required Contributions	\$ 7,349,018.98	\$ 9,927,231.08	\$ 12,756,350.00	\$ 12,622,566.00
City's Contributions in Relation to the Required Contribution	<u>(7,349,018.98)</u>	<u>(9,927,231.08)</u>	<u>(12,756,350.00)</u>	<u>(12,622,566.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Fiscal Year)	\$ 31,183,948.00	\$ 31,251,501.00	\$ 32,124,151.00	\$ 33,454,225.00
City's Contributions as a Percentage of Covered Payroll	23.57%	31.77%	39.71%	37.73%

**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

In 2019, there were slight changes to the Chapter 48 provisions.

**Changes in Assumptions**

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

**Note 11: COMPENSATED ABSENCES**

Under the existing policy of the City, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward to the subsequent year, but must be scheduled by March 31<sup>st</sup> of that year and used by December 31<sup>st</sup>.

The City compensates all employees for unused sick leave upon termination or retirement. The current policy provides that the employee shall receive fifty percent (50%) of total accumulated sick time, but no more than \$15,000.00.

**Note 11: COMPENSATED ABSENCES (CONT'D)**

Full-time fire fighters are entitled to eighteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. A maximum of fifteen unused vacation days may be carried forward to the subsequent year.

The City has established a compensated absences trust fund to set aside funds for future payments of compensated absences, which at June 30, 2020 had a balance of \$682,779.48. It is estimated that, at June 30, 2020, accrued benefits for compensated absences are valued at \$10,892,730.19.

**Note 12: 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 13: CAPITAL DEBT****General Obligation Bonds**

On July 15, 2014, the City issued \$8,000,000.00 of general obligation bonds, series 2014, at interest rates ranging from 3.0% to 4.0%. The bonds were issued for the purpose of permanently financing the costs of the demolition and removal of abandoned buildings and structures in the City. The final maturity of the bonds is November 15, 2028.

On April 11, 2017, the City issued \$12,530,000.00 of general obligation bonds, series 2017 at an interest rate of 3.01%. The bonds were issued for the purpose of refunding, on a current basis, \$7,530,000.00 in aggregate principal amount of outstanding bond anticipation notes and permanently financing the costs of the demolition and removal of abandoned buildings and structures in the City and for the purchase of vehicles and equipment in the amount of \$5,000,000.00. The final maturity of the bonds is April 1, 2027.

The following schedule represents the remaining debt service, through maturity, for the general obligation bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,455,000.00	\$ 563,000.00	\$ 2,018,000.00
2022	2,020,000.00	500,125.00	2,520,125.00
2023	2,040,000.00	409,225.00	2,449,225.00
2024	2,060,000.00	317,025.00	2,377,025.00
2025	2,080,000.00	252,775.00	2,332,775.00
2026-2029	<u>5,550,000.00</u>	<u>353,375.00</u>	<u>5,903,375.00</u>
Totals	<u>\$ 15,205,000.00</u>	<u>\$ 2,395,525.00</u>	<u>\$ 17,600,525.00</u>

**Note 13: CAPITAL DEBT (CONT'D)**

**General Debt - New Jersey Department of Environmental Protection Loans** - The City has several New Jersey Department of Environmental Protection loans recorded in the general capital fund which have provided funding for the acquisition and renovations of various parks and recreational facilities within the City. The balance of the loans at June 30, 2020 is \$131,933.35. The interest rate on each loan is two percent (2.0%) with various maturities, with final maturity on July 1, 2024. Principal and interest payments for the issues are due semi-annually.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 41,094.01	\$ 2,434.21	\$ 43,528.22
2022	41,920.01	1,608.23	43,528.24
2023	42,762.59	765.64	43,528.23
2024	6,156.74	61.57	6,218.31
Totals	<u>\$ 131,933.35</u>	<u>\$ 4,869.65</u>	<u>\$ 136,803.00</u>

**General Debt - Urban and Rural Centers Unsafe Building Demolition Program Loans** - The City has several Urban and Rural Centers Unsafe Building Demolition Program loans recorded in the general capital fund which have provided funding for the demolition of various structures in the City. The loans bear no interest rate and mature in various increments through fiscal year 2038.

The following schedule represents the remaining debt service, through maturity, for the Urban and Rural Centers Unsafe Building Demolition Program loans:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 681,100.00		\$ 681,100.00
2022	431,100.00		431,100.00
2023	431,100.00		431,100.00
2024	431,100.00		431,100.00
2025	350,000.00		350,000.00
2026-2030	1,450,000.00		1,450,000.00
2031-2035	1,150,000.00		1,150,000.00
2036-2038	450,000.00		450,000.00
Totals	<u>\$ 5,374,400.00</u>	<u>-</u>	<u>\$ 5,374,400.00</u>

**New Jersey Environmental Infrastructure (Wastewater Treatment) Trust Loans** - Throughout the years, the City has applied for and received several loans from the State of New Jersey under the Environmental Infrastructure Trust ("NJEIT") Program, which provide funding for various water and sewer related projects in the City's water utility capital fund and sewer utility capital fund. The NJEIT issues debt in order to provide for the funding of such loans, which are awarded to governmental entities through an application process. The funds on hand at the NJEIT for loans committed to the City are recorded as debt in the financial records of the City. The NJEIT acts in a trustee capacity for these funds and the drawdown of these funds are subject to the approval of the NJEIT. The City's loans mature in various increments through fiscal year 2035.

**Note 13: CAPITAL DEBT (CONT'D)**

**New Jersey Environmental Infrastructure (Wastewater Treatment) Trust Loans (Cont'd)** - The following schedules represent the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure (Wastewater Treatment) Trust loans:

**Water Utility - New Jersey Environmental Infrastructure Trust Loans**

<b><u>Fiscal Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$ 3,575,322.72	\$ 184,668.75	\$ 3,759,991.47
2022	1,876,206.13	104,456.25	1,980,662.38
2023	1,024,006.92	64,262.50	1,088,269.42
2024	346,473.44	49,625.00	396,098.44
2025	351,473.44	44,600.00	396,073.44
2026-2030	1,814,554.70	143,687.50	1,958,242.20
2031-2035	1,072,872.86	39,000.00	1,111,872.86
Totals	<u>\$ 10,060,910.21</u>	<u>\$ 630,300.00</u>	<u>\$ 10,691,210.21</u>

**Sewer Utility - New Jersey Environmental Infrastructure Trust Loans**

<b><u>Fiscal Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$ 2,163,396.47	\$ 236,518.75	\$ 2,399,915.22
2022	1,911,386.71	192,575.00	2,103,961.71
2023	1,049,185.28	159,187.50	1,208,372.78
2024	1,077,865.26	135,362.50	1,213,227.76
2025	881,327.49	115,825.00	997,152.49
2026-2030	4,250,346.45	353,600.00	4,603,946.45
2031-2035	2,327,631.76	89,100.00	2,416,731.76
Totals	<u>\$ 13,661,139.42</u>	<u>\$ 1,282,168.75</u>	<u>\$ 14,943,308.17</u>

**Note 13: CAPITAL DEBT (CONT'D)**

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

	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 23,311,333.35	\$ 22,866,436.46	\$ 28,987,181.11
Water Utility:			
Loans	10,060,910.21	13,874,123.45	17,633,904.65
Sewer Utility:			
Loans	13,661,139.42	15,793,564.03	17,882,409.98
Total Issued	<u>47,033,382.98</u>	<u>52,534,123.94</u>	<u>64,503,495.74</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	1,395,365.82	3,995,365.82	3,995,365.82
Water Utility:			
Loans	2,262,085.32	2,262,085.32	5,095,697.32
Sewer Utility:			
Loans	20,553,590.70	20,553,590.70	949,535.45
Total Authorized but not Issued	<u>24,211,041.84</u>	<u>26,811,041.84</u>	<u>10,040,598.59</u>
Total Issued and Authorized but not Issued	<u>71,244,424.82</u>	<u>79,345,165.78</u>	<u>74,544,094.33</u>
<b><u>Deductions</u></b>			
General:			
Funds in Hand	412,052.44	440,908.57	149,995.79
Water Utility:			
Self-liquidating Debt	651,922.17	16,136,208.77	22,729,601.97
Sewer Utility:			
Self-liquidating Debt	34,214,730.12	36,347,154.73	171,666.00
Total Deductions	<u>35,278,704.73</u>	<u>52,924,272.07</u>	<u>23,051,263.76</u>
<b>Net Debt</b>	<u>\$ 35,965,720.09</u>	<u>\$ 26,420,893.71</u>	<u>\$ 51,492,830.57</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 2.082%.

	<b>Gross Debt</b>	<b>Deductions</b>	<b>Net Debt</b>
Water Utility	\$ 12,322,995.53	\$ 651,922.17	\$ 11,671,073.36
Sewer Utility	34,214,730.12	34,214,730.12	
General	24,706,699.17	412,052.44	24,294,646.73
	<u>\$ 71,244,424.82</u>	<u>\$ 35,278,704.73</u>	<u>\$ 35,965,720.09</u>

Net debt \$35,965,720.09 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$1,727,129,440.00, equals 2.082%.

**Note 13: CAPITAL DEBT (CONT'D)**

**Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	60,449,530.40
Less: Net Debt		<u>35,965,720.09</u>
Remaining Borrowing Power	<u>\$</u>	<u>24,483,810.31</u>

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

	<u>Water Utility</u>	<u>Sewer Utility</u>
Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	<u>\$ 13,236,111.51</u>	<u>\$ 8,952,931.53</u>
Deductions:		
Operating and Maintenance Costs	9,591,183.25	6,480,628.84
Debt Service	<u>4,058,822.58</u>	<u>2,394,650.65</u>
Total Deductions	<u>13,650,005.83</u>	<u>8,875,279.49</u>
Deficit in Revenue	<u>\$ (413,894.32)</u>	<u>\$ 77,652.04</u>

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

**Note 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2020, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance June 30, 2020</u>	<u>Future Year Budget Appropriation</u>
Federal and State Grant Fund:		
Expenditure without Appropriation	\$ 3,274.08	\$ 3,274.08
General Capital Fund:		
Expenditure without Appropriation	82,311.37	82,311.37
Water Utility Operating Fund:		
Operating Deficit	423,273.67	423,273.67



**Note 15: 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 a level of self-insurance for property, liability, and vehicle insurance, and consequently, has established the reserve for self-insurance in the trust - other funds. The following is a summary of City contributions, interest earnings, settlements and refunds, claims paid, and the ending balance of the City's self-insurance trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>City Contributions</u>	<u>Refunds</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2020	\$ 900,000.00	\$ 173,592.10	\$ 955,255.72	\$ 5,919,001.23
2019	1,918,254.00	99,644.86	1,146,255.83	5,800,664.85
2018	2,076,720.00	39,794.80	374,413.05	4,929,021.82

**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>Fiscal Year</u>	<u>City Contributions</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2020	\$ 320,000.00	\$ 164,734.59	\$ 1,363,419.95
2019	321,300.00	320,407.11	1,208,154.54
2018	315,000.00	363,418.26	1,207,261.65

At June 30, 2020, it is estimated that unreimbursed claims exist in the amount of \$9,717.87.

**Joint Insurance Pool** - The City of Camden is a member of the Camden County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

- General Liability including Employee Benefit Liability and Cemetery Professional
- Commercial Crime including Public Dishonesty, Forgery or Alteration, Theft
- Public Officials and Employment Practices Liability
- Hull & Indemnity
- Excess Cyber Liability

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 Banking and 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.

**Note 15: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Pool (Cont'd)** - The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Camden County Municipal Joint Insurance Fund  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054

**Workers' Compensation Insurance** - The City has adopted a plan of self-insurance for workers' compensation and has established the reserve for workers' compensation in the trust - other funds to account for and finance its related uninsured risks of loss, with no maximum per any one accident. Qual-Lynx acts as the third party administrator of the plan.

The following is a summary of City contributions, refunds, claims paid, and the ending balance of the City's trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>City Contributions</u>	<u>Refunds</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2020	\$ 1,400,000.00	\$ 97,618.81	\$ 1,379,575.83	\$ 3,964,981.18
2019	1,927,159.00	14,493.77	1,095,540.91	3,846,938.20
2018	2,191,158.90	10,757.89	1,490,459.63	3,000,826.34

At June 30, 2020, the balance of estimated workers' compensation payables was \$1,529,514.76, as provided by the third party administrator. None of the pending claims have been recorded as accounts payable and charged to the reserve for workers' compensation as of June 30, 2020. Any additional funding required for claims in excess of the aforementioned reserve will be paid and charged to future budgets.

**Note 16: 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 17: CONCENTRATIONS**

The City depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 18: TAX ABATEMENTS**

As of June 30, 2020, the City provides a tax abatement program through the New Jersey Economic Opportunity Act of 2013. Under the New Jersey Economic Opportunity Act of 2013 ("EO13"), the City administers two tax exemption programs: the 5-Year Program and the 10-Year Program. In order to qualify under the 10-Year Program, an applicant must meet the eligibility requirements of the Grow New Jersey Assistance Program ("Grow"). The EO13 merged five of New Jersey's most prominent economic incentive programs into two programs, and provided added incentives for development and job creation in certain areas of the State. Specifically, the law phased out the Business Retention and Relocation Assistance Grant Program, the Business Employment Incentive Program, and the Urban Transit Hub Tax Credit Program on December 31, 2013, and expanded the Grow and the Economic Redevelopment and Growth Grant Program ("ERG"). The law sunsets the "new" Grow and ERG programs on July 1, 2019, and it prohibits the New Jersey Economic Development Authority from considering an application for eligibility for tax credits under Grow and ERG after June 30, 2019. The purpose of sun setting the program is to ascertain its effectiveness. The overall goals of the EO13 are enhancing business attraction, retention and job creation efforts, and strengthening New Jersey's competitive edge in the global economy.

The following is a recapitulation of the total amount of taxes abated under the aforementioned tax abatement program:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
New Jersey Economic Opportunity Act:	
5-Year Program	\$ 705,769.79
10-Year Program	<u>5,225,740.29</u>
Total	<u>\$ 5,931,510.07</u>

**Note 19: RESTATEMENT OF PRIOR FISCAL YEAR FINANCIAL STATEMENTS**

The City restated its recorded balance of general fixed assets on its statement of general fixed asset group of accounts - regulatory basis as of June 30, 2019. The restatement was caused by the client's inadequate record keeping of the fixed asset listing. This restatement had no impact on the City's revenues, expenses, or changes in fund balance. The cumulative effect on the financial statements as reported as of June 30, 2019 is as follows:

<u>Account</u>	<u>June 30, 2019</u>	<u>(Restated) June 30, 2019</u>
General Fixed Assets:		
Land and Buildings	\$ 120,148,536.00	\$ 121,279,736.00
Furniture, Equipment and Vehicles	<u>16,673,983.91</u>	<u>15,386,225.91</u>
Total General Fixed Assets	<u>\$ 136,822,519.91</u>	<u>\$ 136,665,961.91</u>
Total Investment in General Fixed Assets	<u>\$ 136,822,519.91</u>	<u>\$ 136,665,961.91</u>

**Note 20: SUBSEQUENT EVENTS**

**Tax Appeals** - As of June 30, 2020, 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.

**COVID-19** - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future periods.

**New Jersey American Water** - In February 2021, the City shut down several of its water wells to make the necessary repairs to bring up to New Jersey Department of Environmental Protection standards. As a result of this, the City reached out to New Jersey American Water in order to buy water and concluded upon a 10 year agreement for the purchase of water. Although such funds have not been encumbered to date, it is expected that the amount for the year will be material.

**APPENDIX C**

**PROPOSED FORM OF BOND COUNSEL OPINION**

*An opinion in substantially the following form  
will be delivered at Closing, assuming no  
material changes in facts or law*

\_\_\_\_\_, 2021

Mayor and Municipal Council  
of the City of Camden,  
In the County of  
Camden, New Jersey

Re: City of Camden, in the County of Camden, New Jersey  
\$3,875,000\*\* Qualified General Obligation Refunding Bonds, Series 2021

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Camden, in the County of Camden, New Jersey (the "City") of its \$3,875,000\*\*Qualified General Obligation Refunding Bonds, Series 2021 (the "Bonds").

The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Bonds. The Bonds are dated December \_\_, 2021, and will mature on November 15, in the amounts, in each of the years and bear interest at the rates, payable on May 15 and November 15, commencing May 15, 2022, as set forth in the table below:

\$3,875,000\*\* QUALIFIED GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

<u>Year</u>	<u>Principal Amount**</u>	<u>Interest Rate</u>
2022	\$505,000	---%
2023	\$505,000	---%
2024	\$530,000	---%
2025	\$550,000	---%
2026	\$570,000	---%
2027	\$595,000	---%
2028	\$620,000	---%

\*\* Preliminary, Subject to Change

The Bonds will be issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or integral multiples of \$1,000 in excess thereof through book-entries made on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the “Act”), a refunding bond ordinance of the City finally adopted on June 10, 2021 (the “Ordinance”), duly approved by the Mayor and published as required by law, and a resolution adopted by the Municipal Council of the City adopted on June 10, 2021 (the “Resolution”). The Bonds are being issued to (i) currently refund \$4,230,000 aggregate principal amount of the City’s outstanding Qualified General Obligation Bonds, Series 2014 (originally issued in the aggregate principal amount of \$8,000,000, dated July 15, 2014) and finally maturing on and after November 15, 2022 through and including November 15, 2028 (the “Refunded Bonds”) on January \_\_, 2022 (the “Redemption Date”) at a redemption price equal to 100% of the principal amount of the Refunded Bonds to be refunded; to (ii) pay interest accrued and to accrue on the Refunded Bonds to the Redemption Date; and to (iii) pay costs and expenses incidental to the issuance and the delivery of the Bonds. The Bonds have been qualified pursuant to N.J.S.A. 40A:3-1 et seq and are entitled to the benefits of the provisions of the Municipal Qualified Bond Act, P.L. 1976, C38, as amended. The City has designated the Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code (as hereinafter defined).

A portion of the proceeds of the Bonds will be deposited to the credit of an escrow fund (the “Escrow Fund”) created pursuant to an Escrow Deposit Agreement (the “Escrow Deposit Agreement”) dated as of the date hereof between the City and TD Bank National Association, Cherry Hill, New Jersey, as escrow agent (the “Escrow Agent”), in cash or will be applied to purchase direct obligations of the United States of America (the “Escrow Securities”) which cash or Escrow Securities, as the case may be, together with the investment earnings thereon, will pay the principal of and interest on the Refunded Bonds on the Redemption Date. Bowman & Company, LLP, has, based on certain information provided to it, verified (i) the mathematical computation of the adequacy of the cash deposit of the proceeds of the Bonds or the maturing principal of and interest on the Escrow Securities purchased with the proceeds of the Bonds, if any, to make payment of the principal of and interest on the Refunded Bonds on the Redemption Date, and (ii) the calculations of the yield on the Bonds and the yield on the investments, if any, held under the Escrow Deposit Agreement purchased with proceeds of the Bonds (the “Verification”). We have relied upon the Verification for the sufficiency of the amounts to be held by the Escrow Agent and the yield calculations in concluding that the Bonds are not “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”).

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinance, (b) such matters of law, including, *inter alia*, the Act and the Code, and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds, as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the City; the Resolution and the Ordinance have been duly authorized and adopted by the City; and the Bonds, the Resolution and the Ordinance are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.
2. The power and obligation of the City to pay the Bonds is unlimited, and, unless paid from other sources, the City shall be required to levy *ad valorem* taxes upon all taxable property within the City for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.
3. The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the City with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax.
4. Under current law, interest on the Bonds and gain from the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth above in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.



The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed by and between the City of Camden, in the County of Camden, New Jersey (the "Issuer") and Phoenix Advisors, LLC acting in the capacity of Dissemination Agent, on this 23<sup>rd</sup> day of December 2021, in connection with the issuance by the Issuer of not to exceed principal amount of \$ \_\_\_\_\_ principal amount of Qualified General Obligation Refunding Bonds, Series (the "Bonds"). The Bonds have been authorized pursuant to a refunding bond ordinance MC-5345 duly adopted by the City Council of the City on June 10, 2021, duly approved and published as required by law and a Refunding Bond Resolution Numbered MC-2021:8046 duly adopted by the City on June 10, 2021. The Issuer covenants and agrees as follows:

*Section 1. Purpose of the Disclosure Agreement.* This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in compliance with the provisions of with S.E.C. Rule 15c2-12(b)(5) (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") 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.

*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 Issuer's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Issuer 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 Phoenix Advisors, LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided, however that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“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.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

(a) Not later than two hundred and seventy (270) days after the end of the Issuer’s fiscal year, beginning with the fiscal year ending December 31, 2021, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB’s website or filed with the SEC; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent who shall, no later than ten (10) Business Days after receiving the Annual Report from the Issuer, submit the Annual Report received by it to the National Repository. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer, or the Dissemination Agent on behalf of the Issuer, shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

*Section 4. Content of Annual Reports.* Annual Report shall mean: (i) the Issuer's annual financial statements (commencing with the fiscal year ending December 31, 2021), substantially in the form set forth in Appendix B to the Official Statement dated December \_\_, 2021 (the "Official Statement") relating to the sale of the Bonds, audited by an independent certified public accountant, provided that the annual audited financial statements of the Issuer 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 Issuer are included in the Annual Report; and (ii) the general financial information and operating data of the Issuer, consisting of the information relating to the Issuer's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance of the type and consistent with the information set forth in Appendix A to the Official Statement in connection with the sale of the Bonds. 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) Pursuant to the provisions of this Section 5, the Issuer will provide in writing, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the Dissemination Agent pursuant to subsection (c) of this Section 5, notice of any of the following events with respect to the Bonds (each, a "Listed Event"):

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 rights of the Bondholders, if material.

8. Bond calls, if material, and 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 Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect holders of the Bonds, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) In determining the materiality of a Listed Event specified in clauses (2), (7), (8), (10), (13) or (14) of subsection (a) of this Section 5, the Issuer may, but shall not be required to, rely conclusively on an opinion of bond counsel.

(c) Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the Dissemination Agent. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

(d) If the Dissemination Agent has been instructed by the Issuer 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 a Dissemination Agent to the Issuer.

*Section 6. Termination of Reporting Obligation.* The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in  
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full of all of the Bonds or when the Issuer 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 Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Section 8. Additional Information.* Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer 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, the Issuer shall have no 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 Issuer 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,

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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 Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

*Section 10. Duties, Immunities and Liabilities of Dissemination Agent.* The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

*Section 11. 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 Issuer:

City of Camden, County of Camden, New Jersey  
520 Market Street  
City Hall, Room 213  
Camden, New Jersey 08101  
Attention: Johanna S. Conyer Harris or successor Finance  
Director/Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Bryan Morris, Managing Director

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

*Section 12. Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent and the Bondholders and Beneficial Owners from time to time of the Bonds, and nothing herein shall confer any right upon any other person.



*Section 13.* 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 14.* Compensation. The Issuer 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 15.* Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Issuer 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 16.* 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 17.* 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 18.* 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 19.* 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. SIGNATURE PAGE TO FOLLOW.]

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

CITY OF CAMDEN, IN THE COUNTY OF  
CAMDEN, NEW JERSEY

By: \_\_\_\_\_  
Johanna S. Conyer Harris,  
Finance Director/Chief Financial Officer

PHOENIX ADVISORS, LLC

By: \_\_\_\_\_  
BRYAN MORRIS,  
Managing Director

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Camden, in the County of Camden, New Jersey  
Name of Bond Issue: \$\_\_\_\_\_ principal amount of Qualified General Obligation Refunding Bonds, Series 2021  
CUSIP Numbers: 133051  
Dated Date: December 23, 2021

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement dated December 23, 2021. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

Dated: \_\_\_\_\_

CITY OF CAMDEN, IN THE COUNTY OF CAMDEN, NEW JERSEY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_