

NEW ISSUE

RATING: NOT RATED

*In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the City (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Notes (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Notes and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.*

**\$4,842,000**  
**CITY OF GLOUCESTER CITY**  
**County of Camden, New Jersey**  
**BOND ANTICIPATION NOTES OF 2025, SERIES A**  
**Consisting of:**  
**\$2,525,000 General Improvement Notes**  
**\$2,317,000 Water and Sewer Utility Notes**  
**(BOOK-ENTRY ONLY) (NON-CALLABLE)**

COUPON: \_\_\_\_%      YIELD: \_\_\_\_%      CUSIP\*: \_\_\_\_\_

**Dated: Date of Delivery****Due: May 13, 2026**

The \$4,842,000 Bond Anticipation Notes of 2025, Series A ("Notes"), are general obligations of the City of Gloucester City, County of Camden, New Jersey ("City"), payable from *ad valorem* taxes levied upon all the taxable property within the City without limitation as to rate or amount, as more fully described herein. The Notes consist of: (i) \$2,525,000 principal amount of General Improvement Notes; and (ii) \$2,317,000 principal amount of Water and Sewer Utility Notes.

The Notes will be issued as fully registered notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes.

Principal of and interest on the Notes will be payable by the City or a duly designated paying agent on the date of maturity. The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. The Notes are not subject to redemption prior to their stated maturity date.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 09-2007, 19-2022, 20-2022, 21-2023, 22-2023, 09-2024, 16-2024, 22-2024, and 23-2024, each duly and finally adopted by the Mayor and Common Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on April 30, 2025.

The Notes are being issued by the City to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

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

*The Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its Solicitor, Howard C. Long, Jr., Esquire of the law firm of Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor to the City in connection with the Notes. The Notes are expected to be available for delivery in definitive form through DTC in Brooklyn, New York on or about May 14, 2025.*

**BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE CITY ON APRIL 30, 2025 UNTIL 11:00 AM ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM OR BY ELECTRONIC MAIL TO MSCHIMENTI@ACACIAFIN.COM. FOR MORE DETAILS ON HOW TO BID PLEASE VIEW THE NOTICE OF SALE POSTED AT [WWW.GOVDEBT.NET](http://WWW.GOVDEBT.NET).**

\* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP number listed above for the Notes is being provided solely for the convenience of holders of the Notes only at the time of issuance of the City. The City does not make any representations with respect to such CUSIP number or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes 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 the Notes.

**CITY OF GLOUCESTER CITY**  
**County of Camden, New Jersey**

**Elected Officials**

Dayl Baile, Mayor  
George Berglund, Councilperson  
James “Bowie” Johnson, Councilperson  
Debbie Harris, Councilperson  
Robert J. Page, Councilperson  
Derek Timm, Councilperson  
Ed Cilurso, Councilperson

**Business Administrator**

Brian Morrell

**Chief Financial Officer**

James V. Davis

**City Clerk**

Vanessa Little

**City Attorney**

Howard C. Long, Jr., Esquire  
Wade, Long, Wood & Long, LLC  
Laurel Springs, New Jersey

**City Auditor**

Bowman & Company LLP  
Voorhees, New Jersey

**Bond Counsel**

Parker McCay P.A.  
Mount Laurel, New Jersey

**Municipal Advisor**

Acacia Financial Group, Inc.  
Mount Laurel, New Jersey

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

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

References in this Official Statement to laws, rules, regulations, 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.

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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter.

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

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

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

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**OFFICIAL STATEMENT**  
**Relating to**  
**\$4,842,000**  
**CITY OF GLOUCESTER CITY**  
**County of Camden, New Jersey**  
**BOND ANTICIPATION NOTES OF 2025, SERIES A**  
**Consisting of:**  
**\$2,525,000 General Improvement Notes**  
**\$2,317,000 Water and Sewer Utility Notes**  
**(BOOK-ENTRY ONLY) (NON-CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the City of Gloucester City in the County of Camden, New Jersey (“City”), in connection with the sale and the issuance of its \$4,842,000 Bond Anticipation Notes of 2025, Series A (“Notes”). The Notes consist of: (i) \$2,525,000 principal amount of General Improvement Notes; and (ii) \$2,317,000 principal amount of Water and Sewer Utility Notes. This Official Statement has been executed by and on behalf of the City by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

**THE NOTES**

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on the date and in the amount shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the front cover page hereof. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to their stated maturity date.

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC, if applicable. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

## AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (“Local Bond Law”); (ii) bond ordinances 09-2007, 19-2022, 20-2022, 21-2023, 22-2023, 09-2024, 16-2024, 22-2024, and 23-2024 (collectively, the “Bond Ordinances”), each duly and finally adopted by the Mayor and Common Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on April 30, 2025.

The Notes are being issued by the City to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes. The following table sets forth certain information with respect to the Bond Ordinance authorizing the Notes.

### General Improvement

<b><u>Ordinance Number</u></b>	<b><u>Description</u></b>	<b><u>Bonds/Notes Authorized</u></b>	<b><u>Notes to be Issued</u></b>
19-2022	Various Improvements	\$1,128,200	\$550,000
21-2023	Various Improvements	1,425,000	550,000
09-2024	Acquisition of Real Property	522,500	522,500
16-2024	Various Improvements	589,000	589,000
22-2024	Various Improvements and Equipment	313,500	313,500
	<b>Total:</b>	<b>\$3,978,200</b>	<b>\$2,525,000</b>

### Water/Sewer Utility

<b><u>Ordinance Number</u></b>	<b><u>Description</u></b>	<b><u>Bonds/Notes Authorized</u></b>	<b><u>Notes to be Issued</u></b>
09-2007	Replacement of Water Treatment Plant	\$9,445,000*	\$117,000
20-2022(7A)	Water and Sewer Main Improvements	500,000	500,000
* \$9,327,738 permanently financed through City's General Obligation Bonds, Series 2008, as part of the 2008 New Jersey Environmental Infrastructure Trust Financing Program.			

<b><u>Ordinance Number</u></b>	<b><u>Description</u></b>	<b>Bonds/Notes Authorized</b>	<b>Notes to be Issued</b>
20-2022(7B)	Redrilling Various Wells	500,000	400,000
20-2022(7C)	Redevelopment of Various Wells	200,000	200,000
20-2022(7D)	Acquisition of Equipment, Incl Camera Equipment	100,000	100,000
22-2023(7A)	Water and Sewer Main Improvements	900,000	550,000
22-2023(7B)	Water Tower Repairs	500,000	50,000
22-2023(7C)	Redevelopment of Various Wells	150,000	75,000
22-2023(7D)	Acquisition of Equipment	175,000	175,000
23-2024(7D)	Acquisition of Equipment	150,000	150,000
	<b>Total:</b>	<b>\$3,292,262</b>	<b>\$2,317,000</b>

### **BOOK-ENTRY ONLY SYSTEM**

#### General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or 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.

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



Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes, 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or agent, disbursement of such payments to Direct Participants is 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 Notes at any time by giving reasonable notice to the City or the agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to 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, Note 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.**

#### 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 Notes 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 Notes is discontinued, the City has provided that upon receipt of the Note certificates from DTC and the Participant information, the City will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the Note certificates so provided.

### **SECURITY AND SOURCE OF PAYMENT**

The Notes 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 the interest on the Notes. Unless paid from other sources, the Notes are payable from *ad valorem* taxes to be levied upon all the taxable real property

within the City without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

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

## **GENERAL INFORMATION REGARDING THE CITY**

### **General**

The City is located in the County of Camden, New Jersey ("County"). General information concerning the City, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

### **Financial**

Appendix "B" to this Official Statement contains compiled financial statements of the City for the year ended December 31, 2024, and also contains audited financial statements of the City for the years ended December 31, 2023, 2022, 2021, 2020 and 2019. The financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the City.

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

### **Local Bond Law**

**General** – The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

**Debt Limits** – The authorized bonded indebtedness of the City is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the City is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The City, including the issuance of the Notes, will not exceed its three and one-half percent (3.5%) debt limit.

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

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

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

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

#### Local Fiscal Affairs Law

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

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

An independent examination of the City’s books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvement of the municipality’s financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2023 is on file with the Chief Financial Officer and is available for review during business hours.

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

### The Local Budget Law

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

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

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

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

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

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit

directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the “Cap Law” (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

### Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the 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.” Such determination may be made by the governing body and the Chief Financial Officer in any year during which the municipality is subject to local examination.

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

### Real Estate Taxes

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

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

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

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

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

#### Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three (3) years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five (5) years.

#### Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two (2) months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

#### Capital Budget

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

#### Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received

under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

#### Rights and Remedies of Owners of Bonds

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented (“Act”), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the “Commission”) shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal of or interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

#### Limitation of Remedies Under Federal Bankruptcy Code

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

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the

municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

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

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

## **TAXATION**

### Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 72.11%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the City was effective for the 2015 year.

Upon the filing of certified adopted budgets by the City, the School District and the County of Camden ("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 provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax liens retained by the City are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

### Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the



State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **LITIGATION**

To the knowledge of the City's Solicitor, Howard C. Long, Jr., Esquire of the law firm of Wade, Long, Wood & Long, LLC ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the City if adversely decided.

## **NO RATING**

The City will not obtain a credit rating related to the issuance of the Notes.

## **TAX MATTERS**

### Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, assuming continuing compliance by the City with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

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

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization

investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by Banks, Thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The City **has** designated the Notes as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

#### New Jersey

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

#### Changes in Federal and State Tax Law

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

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

**OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.**

**CONTINUING DISCLOSURE**

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the City has undertaken to file notice of certain enumerated events, pursuant to Information Reporting Undertaking Agreement for the Notes, substantially in the form set forth in Appendix "D" hereto.

During the prior five years, the City has failed to timely file its 2023 financial information. As of the date hereof, the financial information was filed on EMMA. The City has engaged a dissemination agent to assure future compliance with the rule.

**NO DEFAULT**

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

**CERTAIN RISK FACTORS**

Recent Healthcare Developments

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. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by on March 12, 2021, and provided \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. The Plan provided funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the City received \$1,174,276.51 in funding ("Plan Funds"). The deadline to obligate the Plan Funds was December 31, 2024 and to spend the Plan Funds is December 31, 2026. Such Plan Funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment.

While the effects of COVID-19 have abated significantly, the City cannot predict, and does not predict, whether or if the Coronavirus or any similar viral disease (including any variants or sub-variants thereof) may reemerge in the future and, if such reemergence occurs, what the effects thereof may have upon global, State-wide and local economies and operations, including that of the City.

Cyber Security

The City relies on a complex technology environment to conduct its various operations. As a result, the City faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To

mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City has invested in multiple forms of cybersecurity and operational safeguards.

### Climate Change

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the City as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the City.

## **UNDERWRITING**

The Notes have been purchased from the City at a public sale by \_\_\_\_\_, \_\_\_\_\_ (“Underwriter”) at a price of \$ \_\_\_\_\_ (“Purchase Price”). The Purchase Price reflects the principal amount of the Notes plus a bid premium of \$ \_\_\_\_\_.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the 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 Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at yields higher than the public offering yield set forth on the front cover page of this Official Statement.

## **MUNICIPAL ADVISOR**

Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as municipal advisor to the City (“Municipal Advisor”) with respect to the issuance of the Notes. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the City and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth in Appendix “C” hereto. Certain legal matters will be passed on for the City by the Solicitor.

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

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed

therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### **LEGALITY FOR INVESTMENT**

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

### **PREPARATION OF OFFICIAL STATEMENT**

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

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

Bowman & Company LLP compiled Appendix “A” from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP, Voorhees, New Jersey, only takes responsibility for the financial statements, appearing in Appendix “B” hereto.

Parker McCay P.A. has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading “TAX MATTERS”) and, accordingly, will express no opinion with respect thereto.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to James V. Davis, Chief Financial Officer, City of Gloucester City, at 856-456-0205, or to the City’s Municipal Advisor, Acacia Financial Group, Inc., at 856-234-2266.

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

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

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

**CITY OF GLOUCESTER CITY, NEW JERSEY**

By: \_\_\_\_\_  
**JAMES V. DAVIS, Chief Financial Officer**

Dated: April \_\_, 2025

## **APPENDIX A**

### **CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF GLOUCESTER CITY**

## **GENERAL INFORMATION REGARDING THE CITY OF GLOUCESTER CITY**

The following material presents certain economic and demographic information of the City of Gloucester City ("City").

### **General Information**

The City is a developed urban area within the Delaware Valley economic region, a tri-state region composed of eleven counties in the states of New Jersey, Pennsylvania and Delaware. The region is a closely integrated economic and social unit, with an approximate population of 5.9 million people in the Consolidated Metropolitan Statistical Area. It is a major transportation center combining one of the largest port facilities in the world with extensive rail, air and interstate highway systems.

The present day City was one of the original communities that comprised Old Gloucester County. It was first settled by the Dutch in 1623 and called Fort Nassau, later by the Swedes in 1638 and named "Arwamus" after a tribe of Lenni-Lenape Indians, and finally by the British in 1677 and renamed Gloucester Point. On May 26, 1686 a convention was held in Gloucester Point, and from these deliberations resulted the establishment of Old Gloucester County, with the renamed "Gloucester Town" as the county seat.

Except for a period during the Revolutionary War when the town was occupied by the British, the County Court continued to meet in Gloucester Town until March, 1786, when the county seat was moved to Woodbury. Prior to 1844, when Camden County was established, Gloucester Town was part of Union Township, Gloucester County. In April 1868, the City was incorporated as the City of Gloucester "City" under legislation enacted by the State of New Jersey. The City became part of Camden County.

Early industrial activity centered around cotton and gingham mills, foundries and fisheries. The first manufacturing company, Washington Mills (cotton), was founded by David S. Brown in 1844. In 1845 he founded and operated the Gloucester Paint Works (cotton printing, bleaching and dyeing) and in 1871 he incorporated the Gloucester Ironworks for the manufacturing of water pipes, boilers, gas meters, fire plugs, valves and lamp posts. In 1899, the New York Shipbuilding Corporation established a shipyard in Gloucester City which continued in operation under various corporate names until the early 1960's. Through the years, more than 600 vessels, ranging from supertankers and passenger lines to battleships and nuclear-powered aircraft carriers were launched from the shipyard. Today, Holt Hauling and Warehouse Systems Inc. occupies the former shipyard and operates Holt Marine Terminal, one of the major marine terminals for the export and import of roll-on/roll-off, break-bulk and unitized cargo systems in the 135-mile stretch of the Delaware River known as the ports of Philadelphia.

### **Municipal Government**

The City is served by a Mayor and Council (Small Municipality Plan C) form of local government with the Mayor being elected every four (4) years and the six (6) Common Council members' terms being staggered but running for three years each.

### **Growth and Development**

The City has a number of redevelopment plans underway, with several others in the planning stages. The largest redevelopment project is located in the "Southport Area" of the City. Specifically, this 145 acre redevelopment project is located on the Delaware waterfront and commands great views of the Philadelphia skyline. The Southport Area redevelopment project also has some significant environmental issues that the City is working in concert with the New Jersey Department of Environmental Protection ("NJDEP") to identify and remediate. The Southport Area has lain fallow for years and the City is working to bring back industries that will turn this area into a viable economic location. Specifically, the Southport Area has been designated a Brownfield's Development Area by the NJDEP and the City is presently engaged in active negotiations with several businesses to locate



their industries there. Through the work of the NJDEP and the City and its Redevelopment partners, the City continues to make progress with respect to the undertaking of the redevelopment project and the beginning of construction for new projects in the area. Once completed, the City anticipates the creation of between 25 to 250 new jobs and increased new revenue through ground rental and payment in lieu of tax agreements with the City.

In addition, the City is currently undertaking the second phase of the redeployment of the former Coast Guard facility along the Delaware waterfront. Phase I of this redevelopment consists of a former office building occupied by the Coast Guard, which has been completely renovated and leased to Holt Industries. The second phase of this redevelopment project is currently in the planning and review stage and is expected to include apartments over retail and dining establishments

## **Transportation**

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

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

In addition to the PATCO rail system, the City is also served by New Jersey Transit, which operates buses throughout the County offering transit into Philadelphia and throughout the State. As part of the above noted commitment, New Jersey Transit and PATCO also propose a dedicated Bus Transit Corridor, to improve transit capabilities thru the county area, thus improving transit efficiency for the City. The Light Rail is in planning stages, this proposed line would restore passenger rail service along an existing rail line using light rail vehicles similar to the NJ TRANSIT River LINE.

## **Police, Fire, and Emergency Squad Services**

The City employs a thirty-four (34) member Police Department. The day-to-day administrative responsibility is vested in the Chief of Police.

The Fire Department consists of twenty-five (25) full-time paid firefighter/EMT's and approximately five (5) volunteers. The day-to-day administrative responsibilities of both are vested in the Fire Chief.

## **Library**

The Gloucester City Library includes approximately 60,000 books, plus audio and video cassettes. The Library also has a large inventory of electronic data processing equipment. The Library employs four (4) full-time and five (5) part-time employees. The day-to-day administrative responsibilities are vested in a Library Director.

**Parks and Recreation**

The City is home to twelve (12) parks and ball fields which feature the following:

- Playground
- Walking Track
- All Purpose Court
- Basketball Court
- Batting Cages
- Football Field and Football Practice Field
- Marina

The Parks System offers both active and passive recreational opportunities.

**Utilities**

Utilities are available to all City residents and industrial facilities from Public Service Electric and Gas Company and Verizon. Further, Comcast provides cable television transmission.

**Municipal Services**

The Division of Local Government Services of the New Jersey Department of Community Affairs supervises the financial administration of all local government units within the State.

There are thirteen (13) departments within the City government. They are: Administrative and Executive; Finance; Tax Collector; Tax Assessment; Planning and Zoning Board; Police; Fire; Public Works; Construction Office; Bureau of Fire Safety; Municipal Court; Library; and Environmental Utilities. Principal services provided by the City include: Police Protection; Fire Protection; Ambulance Services; Trash and Recycling Collection; Street Cleaning; Maintenance of Public Parks; Recreation Programs; Water Supply; and Sewer System.

**Health**

There are no hospitals or medical centers located within the City. Located within twenty five (25) miles of the Camden County area are Cooper Hospital – University Medical Center, Jefferson Health, Our Lady of Lourdes Medical Center and Virtua Health Systems.

**Pension Information**

Employees who are eligible to participate in a pension plan are enrolled in the Public Employees’ Retirement System (“PERS”) or the Police and Firemen’s Retirement System (“PFRS”), Department of the State of New Jersey. The State Division of Pensions 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, which is based upon the annual billings, received from the State, amounted to \$569,045.00 for PERS and \$1,868,661.00 for PFRS for the amount paid year ended December 31, 2023.

**City Employees**

	<u>2024</u>	<u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Permanent	111	113	109	109	109
Part-time	<u>70</u>	<u>71</u>	<u>77</u>	<u>77</u>	<u>77</u>
Total	<u>181</u>	<u>184</u>	<u>186</u>	<u>186</u>	<u>186</u>

**Employee Collective Bargaining Units**

<u>Bargaining Units</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Policemen's Benevolent Association	30	12/31/2026
CWA	19	12/31/2025
Firemen's Mutual Benevolent Association Superior Officers	10	12/31/2029
Firemen's Mutual Benevolent Association Rank and File	15	12/31/2024
Steelworkers	20	12/31/2026

The expired contracts are currently under negotiations.

**Compensated Absences**

The City permits employees to carry over vacations days from year to year. Additionally, union contracts and personnel policy allows employees to accrue unused sick days. Compensated Absence packages differ according to the various union contracts.

The City compensates employees for unused leave upon termination or retirement. The current policy varies according to union representation. The City estimates the value of compensated absences as of December 31, 2024 to be \$3,166,326.19.

**Pension Plans**

Those City employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. (See Appendix B: Financial Statements of the City, Note 9 to Financial Statements).

**City Population (1)**

2020 Federal Census	11,484
2010 Federal Census	11,456
2000 Federal Census	11,484
1990 Federal Census	12,649
1980 Federal Census	13,121

**Selected Census 2023 Data for the City (1)**

Median household income	\$70,942
Per capita income	\$30,093

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(1) 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>City</b>					
Labor Force	5,840	5,690	5,679	5,479	5,404
Employment	5,500	5,403	5,149	4,834	5,134
Unemployment	340	287	530	645	270
Unemployment Rate	5.8%	5.0%	9.3%	11.8%	5.0%
<b>County</b>					
Labor Force	276,187	269,575	264,992	256,048	254,506
Employment	262,852	258,219	246,076	230,287	244,570
Unemployment	13,335	11,356	18,916	25,761	9,936
Unemployment Rate	4.8%	4.2%	7.1%	10.1%	3.9%
<b>State</b>					
Labor Force	4,829,671	4,736,213	4,648,814	4,495,200	4,522,200
Employment	4,615,722	4,552,563	4,337,793	4,055,300	4,367,300
Unemployment	213,949	183,650	311,021	439,900	154,900
Unemployment Rate	4.4%	3.9%	6.7%	9.8%	3.4%

## MAJOR PUBLIC SECTOR EMPLOYERS IN THE COUNTY (2)

<u>Employer</u>	<u>Approximate Employment</u>
State of New Jersey	5,000
U.S. Postal Service	4,000
County of Camden	2,100
Rutgers – Camden	1,300
Cherry Hill Board of Education	1,022
City of Camden	1,000
DRPA <sup>(3)</sup> and Patco <sup>(4)</sup>	800
Camden City Board of Education	700
Camden County College	500

## Building, Zoning and Development Codes

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

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

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

(1) Source: New Jersey Department of Labor

(2) Source: Camden County

(3) Delaware River Port Authority

(4) Port Authority Transit Corporation

## Building Permits (1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2025 (2)	129	\$1,255,430
2024	569	10,665,566
2023	484	6,777,282
2022	592	9,245,399
2021	586	4,291,205
2020	612	7,628,912

## EDUCATION (3)

### Primary and Secondary

The City of Gloucester City School District ("School District") is governed by a ten-member Board of Education ("Board"). Nine (9) members are elected at large and one (1) member is appointed by the Board of Education of the Borough of Brooklawn School District. The School District operates as a Type II school district under the provisions of Title 18A of the New Jersey statutes. The Board appoints a Superintendent of Schools to administer the day-to-day affairs of the School District. The School District educates grades pre-kindergarten (Pre-K) through twelve (12), including special education classes. The School District also operates adult high school education classes. The contiguous Borough of Brooklawn sends pupils to the School District for grades nine (9) through twelve (12).

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting.

### SCHOOL DISTRICT ENROLLMENTS (3)

<u>Grade</u>	<u>2024</u>	<u>2023</u>	<u>October 15, 2022</u>	<u>2021</u>	<u>2020</u>
Pre-K	192	198	214	191	189
K	120	134	137	152	123
1	130	142	149	120	159
2	147	135	122	154	142
3	129	122	142	131	145
4	113	131	134	143	127
5	131	131	144	125	130
6	135	136	123	135	120
7	148	133	126	127	163
8	134	129	126	159	127
9	133	135	158	140	92
10	134	173	145	115	104
11	172	141	109	117	86
12	148	114	96	108	68
Sent Other	0	0	0	0	3
Spec. Ed.	<u>430</u>	<u>419</u>	<u>357</u>	<u>365</u>	<u>463</u>
Totals	<u>2,396</u>	<u>2,373</u>	<u>2,282</u>	<u>2,282</u>	<u>2,241</u>

(1) Source: City Construction Official

(2) As of March 24, 2025

(3) Source: School District Business Administrator/Board Secretary

## PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

<b><u>Name of School</u></b>	<b><u>Date Constructed</u></b>	<b><u>Grades</u></b>	<b><u>Enrollment Oct. 15, 2024</u></b>
Cold Springs School	1995	PreK-3	903
Mary Ethel Costello School	1924	4-6	(closed 9/2017)
Gloucester City Jr./Sr. High	1960	7-12	739
Gloucester City Middle	2017	4-8	754

## HIGHER EDUCATION FACILITIES

### Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2023-2024 school year, there were approximately 3,922 undergraduate students and 1,854 graduate students.

### Camden County College

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the Camden County Board of Commissioners who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden, and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Fall of 2024, full time enrollment was 3,358 and part-time enrollment was 4,264 for a total of 7,622.

### Camden County Technical Schools

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are over 30 career programs from which to choose. For the 2023-2024 school year, 1,417 students are enrolled at the Gloucester Township Campus, and 766 at the Pennsauken Campus. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University, and Rowan University are all within a commuting distance from the City.

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(1) Source: School District Business Administrator/Board Secretary

## CERTAIN TAX INFORMATION

### TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2025 Assessed Valuation</u>
Gloucester Terminal (Holt)	Marine Terminal and Warehousing	\$35,060,300
Ergon Asphalt Partners LP	Building Materials	8,878,800
John Jeffrey Corp	Warehouse	3,184,100
Wonderful Citrus Packing LLC	Food Packing	2,798,700
PSE&G	Public Utility	2,323,600
MCJCSR LLC	Marine Terminal and Warehousing	2,263,600
Gloucester Vant Realty LLC	Hotel	2,168,700
Crescent Mobile Home Park LLC	Mobile Home Park	1,882,700
GAF Building Materials Corp	Petroleum Terminal	1,827,400
JM Neighborhood Properties LLC	Redevelopment	1,487,500

### CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2024 (3)	\$ 26,473,216	\$ 26,134,650	98.72%	\$ 329,804	1.25%
2023	26,282,164	25,819,381	98.24%	460,100	1.75%
2022	24,581,115	24,180,351	98.37%	373,174	1.52%
2021	24,365,910	23,907,637	98.12%	434,474	1.78%
2020	23,354,516	22,814,615	97.69%	498,369	2.13%

### DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>January 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2024 (3)	\$ 461,570	\$ 12,857	\$ 463,263	97.65%	\$ 8,807		\$ 2,357
2023	374,786	11,770	385,086	99.62%			1,470
2022	441,468	8,250	448,106	99.64%			1,612
2021	510,328	5,864	507,858	98.39%	1,340		6,994
2020	442,523	9,476	354,984	78.54%	31,572	\$ 53,484	11,959

(1) Source: City Tax Assessor's Office

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

(3) Source: Information from Annual Compiled Financial Statement

### TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Transfer to Property Acquired For Taxes</u>	<u>Balance Dec. 31</u>
2024 (2)	\$ 19,040	\$ 17,568	\$ 26,934		\$ 9,674
2023	11,155	7,886			19,040
2022	14,566	25,091	28,502		11,155
2021	43,369	118,949	147,752		14,566
2020	84,533	191,404	157,561	\$ 75,007	43,369

### FORECLOSED PROPERTY (1)(3)

<u>Year</u>	<u>Balance January 1</u>	<u>Transfers</u>	<u>(Loss) on Sale</u>	<u>Adjustment to Assessed Valuation</u>	<u>Property Sold/Transfer to City</u>	<u>Balance December 31</u>
2024 (2)	\$ 2,202,200					\$ 2,202,200
2023	2,220,500			\$ 6,700	\$ (25,000)	2,202,200
2022	2,491,700		\$ (111,700)		(159,500)	2,220,500
2021	2,716,700		(211,000)		(14,000)	2,491,700
2020	2,548,800	\$ 75,007	(130,300)	243,193	(20,000)	2,716,700

### WATER AND SEWER COLLECTIONS (1)

<u>Year</u>	<u>January 1</u>		<u>Collected in Year of Levy</u>		<u>Transferred/ Canceled</u>	<u>Outstanding December 31</u>	
	<u>Balance</u>	<u>Total Levy</u>	<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2024 (2)	\$ 717,479	\$ 4,749,831	\$ 5,159,488	94.37%		\$ 307,821	6.48%
2023	733,189	4,939,081	4,949,635	87.26%	\$ 5,157	717,478	14.53%
2022	484,509	4,434,451	4,185,771	85.09%		733,189	16.53%
2021	440,421	4,262,091	4,218,003	89.70%		484,509	11.37%
2020	194,243	4,601,198	4,326,559	90.22%	28,461	440,421	9.57%

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

(2) Source: Information from Annual Compiled Financial Statement

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



## NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>					
		<u>Total Rate</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>County</u>	<u>County Open Space</u>	<u>Local School</u>
2024	\$ 525,478,750	\$ 5.013	\$ 2.823	\$ 0.046	\$ 0.845	\$ 0.028	\$ 1.271
2023	522,198,950	5.004	2.813	0.042	0.836	0.025	1.288
2022	520,532,950	4.705	2.535	0.038	0.836	0.023	1.273
2021	519,128,250	4.658	2.535	0.035	0.815	0.021	1.252
2020	518,138,650	4.498	2.381	0.035	0.821	0.021	1.240

## 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>
2024	\$ 525,478,750	72.11%	\$ 728,718,278	\$ 63,455
2023	522,198,950	79.75%	654,794,922	57,018
2021	520,532,950	87.02%	598,176,224	52,088
2020	519,128,250	96.57%	537,566,791	46,810
2019	518,138,650	96.32%	537,934,645	46,842

## REAL PROPERTY CLASSIFICATION (5)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2024	\$ 525,478,750	\$ 8,630,500	\$ 399,851,950	\$ 97,265,100	\$ 15,266,800	\$ 4,464,400
2023	522,198,950	8,742,900	397,125,850	96,712,500	15,153,300	4,464,400
2021	520,532,950	8,654,100	395,882,350	96,620,300	15,153,300	4,222,900
2020	519,128,250	8,500,800	393,397,350	96,706,100	13,690,000	6,834,000
2019	518,138,650	8,436,100	392,360,950	96,731,700	13,775,900	6,834,000

(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 upon 2020 Federal Census of 11,484

(5) Source: City Tax Assessor's Office

**CITY OF GLOUCESTER CITY  
2024 MUNICIPAL BUDGET**

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 2,200,000
Miscellaneous Revenues:	
Local Revenues	815,624
State Aid Without Offsetting Appropriations	2,989,819
Dedicated Uniform Construction Code Fees	
Offset With Appropriations	180,000
Public and Private Programs Offset with Appropriations	3,824,726
Special Items of Revenue with Consent of DLGS:	
Other Special Items	1,793,376
Receipts From Delinquent Taxes	400,000
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax for Municipal Purposes	14,833,955
Minimum Library Tax	241,390
	<hr/>
Total Anticipated Revenues	\$ 27,278,890
	<hr/>
Appropriations:	
Within CAPS:	
Operations	\$ 18,199,434
Deferred Charges and Statutory Expenditures	2,793,634
Excluded from CAPS:	
Other Operations	540,220
Public and Private Programs	3,824,726
Capital Improvements	75,000
Debt Service	1,141,000
Transferred to Board of Education	29,876
Reserve for Uncollected Taxes	675,000
	<hr/>
Total Appropriations	\$ 27,278,890
	<hr/>

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**WATER AND SEWER UTILITY FUND**

Anticipated Revenues:	
Operating Fund Balance	\$ 400,000
Rents	4,382,867
Miscellaneous	130,000
	<hr/>
Total Anticipated Revenues	\$ 4,912,867
	<hr/>
Appropriations:	
Operating	\$ 3,368,640
Debt Service	1,252,000
Deferred Charges	64,777
Statutory Expenditures	227,450
	<hr/>
Total Appropriations	\$ 4,912,867
	<hr/>

**CITY OF GLOUCESTER CITY  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2024 - 2029**

	<b><u>Estimated Total Cost</u></b>	<b><u>Capital Improvement Fund</u></b>	<b><u>Bonds and Notes</u></b>	
			<b><u>General</u></b>	<b><u>Self Liquidating</u></b>
Various General Capital Improvements	\$ 6,000,000	\$ 300,000	\$ 5,700,000	
Various Utility Capital Improvements	<u>6,000,000</u>	<u></u>	<u></u>	<u>\$ 6,000,000</u>
 Total - All Projects	 <u>\$ 12,000,000</u>	 <u>\$ 300,000</u>	 <u>\$ 5,700,000</u>	 <u>\$ 6,000,000</u>

**CITY OF GLOUCESTER CITY  
STATEMENT OF INDEBTEDNESS  
AS OF DECEMBER 31, 2024**

The following table summarizes the direct debt of the City of Gloucester City as of December 31, 2024 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, and Water and Sewer Utility. Deductions from gross debt to arrive at net debt include reserve to pay debt, as well as, debt considered to be self-liquidating. The resulting net debt of \$15,670,041 represents 2.12% 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			Deductions				
	<u>Bonds</u>	<u>Loans</u>	Authorized But Not Issued	Gross <u>Debt</u>	<u>School Debt</u>	Reserve to <u>Pay Debt</u>	Self-Liquidating <u>Debt</u>	Net <u>Debt</u>
General	\$ 8,535,000	\$ 526,596	\$ 6,729,200	\$ 15,790,796		\$ 120,755		\$ 15,670,041
School - Local				-	\$ -			-
Water Sewer Utility	5,425,000	4,600,189	9,300,972	19,326,161			\$ 19,326,161	-
	<u>\$ 13,960,000</u>	<u>\$ 5,126,785</u>	<u>\$ 16,030,172</u>	<u>\$ 35,116,957</u>	<u>\$ -</u>	<u>\$ 120,755</u>	<u>\$ 19,326,161</u>	<u>\$ 15,670,041</u>

Source: Annual Debt Statement

### DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2022, 2023, and 2024	\$	740,520,394
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2022, 2023, and 2024		2.12%
2024 Net Valuation Taxable	\$	525,478,750
2024 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	728,718,278
Gross Debt (3):		
As a percentage of 2024 Net Valuation Taxable		6.68%
As a percentage of 2024 Equalized Valuations		4.82%
Net Debt (3):		
As a percentage of 2024 Net Valuation Taxable		2.98%
As a percentage of 2024 Equalized Valuations		2.15%
Gross Debt Per Capita (4)	\$	3,058
Net Debt Per Capita (4)		1,365

### CITY BORROWING CAPACITY (1)(2)

3.5% of Averaged (2022-24) Equalized Valuation of Real Property including Improvements	\$	25,918,214
Net Debt		<u>15,670,041</u>
Remaining Borrowing Capacity	\$	<u><u>10,248,173</u></u>

### LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1)(2)

4% of Averaged (2022-24) Equalized Valuation of Real Property including Improvements	\$	29,620,816
Local School Debt		<u>-</u>
Remaining Borrowing Capacity	\$	<u><u>29,620,816</u></u>

(1) As of December 31, 2024

(2) Source: Annual Debt Statement

(3) Excluding overlapping debt

(4) Based on 2020 Census population of 11,484

**CITY OF GLOUCESTER CITY  
OVERLAPPING DEBT AS OF DECEMBER 31, 2024**

**DEBT ISSUED**

	<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	\$ 61,099,583	\$ 38,846,103	(2)	\$ 22,253,480	\$ 307,098	(4)	\$ 71,990,250
Notes	12,980,000			12,980,000	179,124	(4)	
Loan Agreements	307,080,000			307,080,000	4,237,704	(4)	
Bonds Issued by Other Public Bodies							
Guaranteed by the County	220,129,800	220,129,800	(3)				
	<u>\$ 601,289,383</u>	<u>\$ 258,975,903</u>		<u>\$ 342,313,480</u>	<u>\$ 4,723,926</u>		<u>\$ 71,990,250</u>

(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 2024 Net Valuation on which County taxes are apportioned, which is 1.38%.

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

<u>Year</u>	<u>General</u>		<u>Water-Sewer Utility</u>		<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 745,000	\$ 291,022	\$ 265,000	\$ 136,259	\$ 1,437,281
2026	765,000	266,591	275,000	128,266	1,434,857
2027	780,000	241,478	285,000	119,894	1,426,372
2028	810,000	215,775	290,000	111,294	1,427,069
2029	840,000	189,103	295,000	102,544	1,426,647
2030	855,000	161,541	305,000	93,566	1,415,107
2031	615,000	133,484	310,000	81,759	1,140,243
2032	635,000	117,362	315,000	75,053	1,142,415
2033	190,000	100,631	325,000	68,169	683,800
2034	195,000	92,691	330,000	61,106	678,797
2035	205,000	84,441	335,000	53,912	678,353
2036	210,000	75,881	350,000	46,506	682,387
2037	220,000	67,012	355,000	38,819	680,831
2038	225,000	57,694	365,000	30,913	678,607
2039	235,000	47,919	375,000	22,369	680,288
2040	245,000	37,719	320,000	14,625	617,344
2041	255,000	27,094	330,000	7,425	619,519
2042	255,000	16,256			271,256
2043	255,000	5,419			260,419
	<u>\$ 8,535,000</u>	<u>\$ 2,229,113</u>	<u>\$ 5,425,000</u>	<u>\$ 1,192,479</u>	<u>\$ 17,381,592</u>

(1) As of December 31, 2024

Source: Annual Financial Statement

**CITY OF GLOUCESTER CITY**  
**SCHEDULE OF OUTSTANDING DEBT SERVICE**  
**LONG TERM LOANS (1)**

<u>Year</u>	<u>General</u>		<u>Water-Sewer Utility</u>		<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 66,489	\$ 1,969	\$ 782,502	\$ 84,658	\$ 935,618
2026	66,679	1,779	795,598	67,008	931,064
2027	66,873	1,586	810,243	50,203	928,905
2028	67,070	1,388	809,657	33,040	911,155
2029	67,272	1,187	231,965	15,506	315,930
2030	67,477	981	226,965	13,581	309,004
2031	67,687	772	200,448	11,781	280,688
2032	57,048	612	164,638	9,944	232,242
2033			143,862	7,638	151,500
2034			98,862	4,950	103,812
2035			98,862	3,600	102,462
2036			78,862	2,250	81,112
2037			78,862	1,500	80,362
2038			78,863	750	79,613
	<u>\$ 526,595</u>	<u>\$ 10,274</u>	<u>\$ 4,600,189</u>	<u>\$ 306,409</u>	<u>\$ 5,443,467</u>

(1) As of December 31, 2024

Source: Annual Financial Statement



## **APPENDIX B**

### **FINANCIAL STATEMENTS OF THE CITY OF GLOUCESTER CITY**

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**FOR THE YEAR ENDED 2024**

**COMPILED FINANCIAL STATEMENTS**

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## **INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Gloucester City  
Gloucester City, New Jersey 08030

Management is responsible for the accompanying financial statements of the City of Gloucester City, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2024 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Respectfully submitted,

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

/s/ Michael P. Cragin Jr.  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
March 5, 2025

**CITY OF GLOUCESTER CITY**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

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ASSETS

Regular Fund:

Cash	\$ 4,567,865.36
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Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	332,161.17
Tax Title Liens Receivable	9,674.00
Property Acquired for Taxes - Assessed Valuation	2,202,200.00
Due Federal and State Grant Fund	518,630.32
Due Community Development Trust Fund	91,882.98
Due Trust Other Fund	50,913.43
Due Animal Control Fund	5,811.27

3,211,273.17

7,779,138.53

Federal and State Grant Fund:

Federal, State and Other Grants Receivable	11,926,037.49
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11,926,037.49

\$ 19,705,176.02

(Continued)

**CITY OF GLOUCESTER CITY**  
**CURRENT FUND**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

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LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$ 115,276.10
Reserve for Encumbrances	622,625.56
Accounts Payable	9,647.50
Payroll Deductions Payable	97,941.13
Prepaid Taxes	217,325.41
Tax Overpayments	1,504.05
Local School Tax Payable	12,505.54
Due from/to State of New Jersey	
Veterans' and Senior Citizens' Deductions	62,996.59
Due County for Added and Omitted Taxes	22,137.50
Due General Capital Fund	390,548.94
Due Utility Operating Fund	6,427.01
Due Utility Capital Fund	76,269.55
Due CCMUA	1,239.76
Reserve for Master Plan	2,184.83
Other Reserves for:	
Deposits on Sale of Property	20.00
Revaluation	13,978.00

---

1,652,627.47

Reserve for Receivables and Other Assets	3,211,273.17
Fund Balance	2,915,237.89

---

7,779,138.53

Federal and State Grant Fund:

Reserve for Encumbrances	2,868,790.34
Due from/to Current Fund	518,630.32
Reserve for Federal, State and Other Grants:	
Unappropriated	151,076.63
Appropriated	8,387,540.20

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11,926,037.49

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\$ 19,705,176.02

See Independent Accountant's Compilation Report and selected notes.

**CITY OF GLOUCESTER CITY**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2024

Revenue and Other Income Realized

Fund Balance Utilized	\$ 2,200,000.00
Miscellaneous Revenue Anticipated	12,974,970.86
Receipts from Delinquent Taxes and Tax Title Liens	490,197.39
Receipts from Current Taxes	26,134,650.02
Non Budget Revenues	355,310.98
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	56,057.49
Prior Year Interfunds Returned	99,919.05
Statutory Excess in Dog License Fund	3,231.80
	<hr/>
Total Income	42,314,337.59

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS":	18,192,434.00
Deferred Charges and Statutory Expenditures Within "CAPS"	2,800,634.00
Operations - Excluded from "CAPS":	
Other Expenses	540,220.00
Public and Private Programs	6,389,290.37
Capital Improvements - Excluded from "CAPS"	75,000.00
Municipal Debt Service - Excluded from "CAPS"	1,138,526.84
Transferred to Board of Education	29,876.00
County Taxes	4,585,895.64
County Share of Added and Omitted Taxes	22,137.50
Local District School Tax	6,676,601.00
Deductions Disallowed by Tax Collector - Prior Year	10,500.00
	<hr/>
Total Expenditures	40,461,115.35
	<hr/>
Statutory Excess to Fund Balance	1,853,222.24

Fund Balance

Balance Jan. 1	<hr/> 3,262,015.65
	5,115,237.89
	<hr/>
Utilized as Revenue	2,200,000.00
	<hr/>
Balance Dec. 31	\$ 2,915,237.89

See Independent Accountant's Compilation Report and selected notes.

**CITY OF GLOUCESTER CITY**  
**TRUST FUND**  
Statement of Assets, Liabilities and Reserves - Regulatory Basis  
As of December 31, 2024

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**ASSETS**

Animal Control Trust Fund:

Cash	\$ 11,766.07
Accounts Receivable - Due Clerk	<u>8.40</u>

Total Animal Control Trust Fund	<u>11,774.47</u>
---------------------------------	------------------

Trust Other Fund:

Cash	1,001,616.77
Regional Contribution Agreement Loans Receivable	<u>1,298,022.00</u>

Total Trust Other Funds	<u>2,299,638.77</u>
-------------------------	---------------------

Community Development Fund:

Cash	228,355.52
Mortgages and Loans Receivable	<u>1,703,033.73</u>

Total Community Development Fund	<u>1,931,389.25</u>
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	<u><u>\$ 4,242,802.49</u></u>
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(Continued)

**CITY OF GLOUCESTER CITY**  
**TRUST FUND**  
Statement of Assets, Liabilities and Reserves - Regulatory Basis  
As of December 31, 2024

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LIABILITIES AND RESERVES

Animal Control Trust Fund:	
Due to Current Fund	\$ 5,811.27
Reserve for Animal Control Trust Fund Expenditures	5,963.20
	<hr/>
Total Animal Control Trust Fund	11,774.47
	<hr/>
Trust Other Fund:	
Due Current Fund	50,913.43
Miscellaneous Trust Reserves:	
Reserve for Parking Offenses Adjudication Act Funds	10,440.28
Disposal of Forfeited Property	26,363.74
Community Playground	3,196.60
Uniform Fire Safety Act Penalties	6,235.81
Unemployment Compensation Insurance	1,748.57
Reserve for Escrow Deposits	222,425.98
Reserve for Tax Title Lien Premiums and Redemptions	314,805.86
Reserve for Regional Contribution Agreements	341,975.95
Reserve for Police Outside Employment	22,304.37
Reserve for Regional Contribution	
Agreement Loans Receivable	1,298,022.00
Unallocated Lien Deposits	1,000.00
Interest Due East Greenwich Township	206.18
	<hr/>
Total Trust Other Funds	2,299,638.77
	<hr/>
Community Development Fund:	
Reserve for Mortgages and Loans Receivable	1,703,033.73
Reserve for CDBG/UDAG Loan Fund	4,604.45
Due to Current Fund	91,882.98
Accounts Payable	131,868.09
	<hr/>
Total Community Development Fund	1,931,389.25
	<hr/>
	<u>\$ 4,242,802.49</u>

See Independent Accountant's Compilation Report and selected notes.



**CITY OF GLOUCESTER CITY**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

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ASSETS

Cash	\$ 227,884.45
Due Federal, State and Local Grant Fund	16,292.76
Due from Current Fund	389,438.15
Deferred Charges to Future Taxation:	
Funded	9,061,595.77
Unfunded	6,729,200.00
	<hr/>
	\$ 16,424,411.13
	<hr/> <hr/>

LIABILITIES, RESERVES  
AND FUND BALANCE

Serial Bonds Payable	\$ 8,535,000.00
Demolition Loan Payable	456,383.85
Green Trust Loan Payable	70,211.92
Improvement Authorizations:	
Funded	628,297.83
Unfunded	4,728,772.25
Reserve for Encumbrances	670,843.47
Capital Improvement Fund	1,135.82
Due Water and Sewer Utility Capital Fund	750,000.60
Reserve to Pay Debt	120,754.92
Fund Balance	463,010.47
	<hr/>
	\$ 16,424,411.13
	<hr/> <hr/>

See Independent Accountant's Compilation Report and selected notes.

**CITY OF GLOUCESTER CITY**  
**WATER & SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

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ASSETS

Operating Fund:

Cash	\$ 2,237,926.85
Due from Current Fund	6,427.01
Due from Utility Capital Fund	258.73
	<hr/>
	2,244,612.59

Receivables with Full Reserves:

Consumer Accounts Receivable	<hr/> 307,821.27
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Total Operating Fund	<hr/> 2,552,433.86
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Capital Fund:

Cash	128,103.15
Due from Current Fund	76,269.55
Due General Capital Fund	750,000.60
Fixed Capital Completed	19,654,703.08
Fixed Capital Authorized and Uncompleted	<hr/> 32,288,796.47

Total Capital Fund	<hr/> 52,897,872.85
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\$ 55,450,306.71

(Continued)

**CITY OF GLOUCESTER CITY**  
**WATER & SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

LIABILITIES, RESERVES AND FUND BALANCES

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 30,602.75
Encumbrances Payable	109,053.43
Water & Sewer Rent Overpayments	37,787.89
Accrued Interest on Bonds, Loans and Notes	<u>96,771.77</u>

274,215.84

Reserves for Receivables 307,821.27

Fund Balance 1,970,396.75

Total Operating Fund 2,552,433.86

Capital Fund:

Serial Bonds Payable 5,425,000.00

New Jersey Environmental Infrastructure Loans 4,600,189.00

Improvement Authorizations:

Funded 987,162.87

Unfunded 7,327,655.29

Capital Improvement Fund 57,469.60

Reserve for Encumbrances 1,553,125.40

Reserve to Pay Debt 81,286.72

Due General Capital Fund 258.73

Due Water & Sewer Operating Fund 30,584,131.67

Reserve for Amortization 2,033,207.00

Deferred Reserve for Amortization 248,386.57

Fund Balance 248,386.57

Total Capital Fund 52,897,872.85

\$ 55,450,306.71

See Independent Accountant's Compilation Report and selected notes.

**CITY OF GLOUCESTER CITY**  
**WATER & SEWER UTILITY OPERATING FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2024

Income Realized

Fund Balance Utilized	\$ 400,000.00
Rents	5,159,488.29
Miscellaneous	414,118.43
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>31,222.84</u>
 Total Income	 <u>6,004,829.56</u>

Expenditures

Operating	3,368,640.00
Debt Service	1,251,356.43
Deferred Charges and Statutory Expenditures	<u>292,227.05</u>
 Total Expenditures	 <u>4,912,223.48</u>

Excess in Revenue	1,092,606.08
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Fund Balance

Balance Jan. 1	<u>1,277,790.67</u>
	2,370,396.75
Decreased by:	
Realized as Revenue	<u>400,000.00</u>
 Balance Dec. 31	 <u><u>\$ 1,970,396.75</u></u>

See Independent Accountant's Compilation Report and selected notes.

**CITY OF GLOUCESTER CITY**  
Selected Information - Substantially All Disclosures Required  
By the Regulatory Basis of Accounting Have Been Omitted  
For the Year Ended December 31, 2024

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

**Description of Financial Reporting Entity** - The City of Gloucester City (hereafter referred to as the "City") was incorporated by an act of the New Jersey Legislature on February 25, 1868, from the remaining portions of Union City, which was then dissolved. The City, which is located in Camden County, has a total area of approximately three square miles, and is centrally located directly across the Delaware River from Philadelphia and the Port of Philadelphia. The City borders the Boroughs of Brooklawn, Bellmawr, Mount Ephraim, the City of Camden and Haddon Township in addition to bordering Gloucester County. According to the 2020 census, the population is 11,484.

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

**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:

Gloucester City Library  
50 North Railroad  
Gloucester City, New Jersey 08030

Gloucester City Economic Development Corporation  
P.O. Box 602  
Gloucester City, New Jersey 08030

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

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

**Budgets and Budgetary Accounting** - The City must adopt an annual budget for its current and water & sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 for fiscal year 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* (2 CFR Part 225), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

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

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

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

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

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

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

**Fund Balance** - Fund balances included in the current fund and water 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 Gloucester City School District, and the Gloucester City Library. 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 Gloucester City School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

**County Taxes** - The City 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. 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)**

**Library Taxes** - The City is responsible for levying, collecting, and remitting library taxes to the Gloucester City Library. Effective 2011, the amount of library tax is a separate local levy tax and is remitted to the library through the municipal budget.

**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 immediately 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

The City implemented the following GASB Statement for the year ended December 31, 2024:

Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only impacted financial statement disclosures. There exists no impact on the financial statements of the City.

Because of the implementation of GASB Statement No. 101, the City has updated the measurement of compensated absences in accordance with the Statement.

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**FOR THE YEARS ENDED 2023, 2022, 2021, 2020 AND 2019**

**AUDITED FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Gloucester City  
Gloucester City, New Jersey 08030

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2023, 2022, 2021, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2023, 2022, 2021, 2020 and 2019, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

#### ***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* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2023, 2022, 2021, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions on Regulatory Basis of Accounting***

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on 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 and pervasive.

### ***Responsibilities of Management 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bowman & Company LLP".

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

A handwritten signature in blue ink that reads "Michael P. Cragin Jr.".

Michael P. Cragin Jr.  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
October 31, 2024

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

	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>					
Cash	\$ 5,505,977	\$ 5,698,634	\$ 5,568,784	\$ 3,689,067	\$ 5,189,968
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	461,570	374,786	441,468	510,328	442,523
Tax Title Liens Receivable	19,040	11,154	14,566	43,369	84,533
Property Acquired for					
Taxes--Assessed Valuation	2,202,200	2,220,500	2,491,700	2,716,700	2,548,800
Revenue Accounts Receivable	14,700	25,458	246,534	118,929	223,425
Other Accounts Receivable	11,094	9,780	19,493	24,012	27,964
Prepaid School Taxes					14,347
Interfunds Receivable	767,157	347,914	401,339	548,202	28,818
Federal and State Grants Receivable	7,160,642	4,438,383	2,665,595	1,202,811	3,779,263
Interfund Receivable Federal and State Grant Fund			740,912	699,828	231,039
	<u>\$ 16,142,380</u>	<u>\$ 13,126,609</u>	<u>\$ 12,590,391</u>	<u>\$ 9,553,246</u>	<u>\$ 12,570,681</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>					
Appropriation Reserves	\$ 342,024	\$ 1,541,651	\$ 371,425	\$ 685,838	\$ 485,660
Reserve for Encumbrances	1,229,438	560,004	278,000	444,074	306,649
Accounts Payable	9,648	51,646			
Prepaid Taxes	189,759	289,082	240,582	246,883	230,589
Payroll Taxes Payable	92,964	18,995	125,219	104,632	415,569
Tax Overpayments	26,564	10,354	19,837	10,342	2,037
Due County for Added & Omitted Taxes	25,883	16,343	30,174	9,126	10,498
Due to School District	188,444	200,815	977,843	12,503	
Due to State of New Jersey	64,413	72,510	72,061	74,536	73,827
Due CCMUAA	1,240	1,240	1,240	1,240	1,240
Due Library					
Reserve for Federal and State Grants	6,303,389	4,018,262	3,118,218	1,505,968	3,805,337
Reserve for Deposits of Sale of Property	20	20	20	20	20
Reserve for Master Plan	2,185	2,185	2,185	2,185	2,185
Reserve for Revaluation	13,978	13,978	13,978	13,978	13,978
Reserve for Debt Service				57,660	
Reserve for Contracts Settlements					71,469
Interfunds Payable	635,273	570,175	1,226,881	1,063,638	928,143
Reserves for Receivables and Other Assets	3,755,144	3,156,547	3,615,100	3,961,540	3,370,411
Fund Balance	<u>3,262,016</u>	<u>2,602,802</u>	<u>2,497,628</u>	<u>1,359,083</u>	<u>2,853,070</u>
	<u>\$ 16,142,380</u>	<u>\$ 13,126,609</u>	<u>\$ 12,590,391</u>	<u>\$ 9,553,246</u>	<u>\$ 12,570,681</u>

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

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

	For the Years Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized:</u>					
Receipts from Current Taxes	\$ 25,819,381	\$ 24,180,351	\$ 23,907,637	\$ 22,814,615	\$ 22,341,268
Receipts from Delinquent Taxes	385,086	476,608	600,964	459,601	941,668
Total Taxes	26,204,467	24,656,959	24,508,601	23,274,216	23,282,936
Miscellaneous Revenues Anticipated	10,377,257	9,408,926	7,339,955	5,439,465	7,619,872
Non-Budget and Other Income	1,574,321	1,064,451	2,111,345	1,089,514	978,756
Fund Balance Utilized	1,800,000	1,800,000	1,175,000	2,220,000	2,220,000
Total Income	39,956,044	36,930,336	35,134,901	32,023,195	34,101,564
<u>Expenditures:</u>					
Operating	22,143,766	19,775,720	17,963,441	16,061,301	16,783,095
Deferred Charges and Statutory Expenditures	2,620,658	2,519,042	2,189,719	2,045,054	1,998,893
Capital Improvements	75,000	300,000	334,600	336,386	925,000
Municipal Debt Service	1,147,926	1,191,630	1,307,691	1,285,031	1,354,346
County Taxes	4,522,153	4,485,508	4,371,584	4,373,259	4,482,830
Local District School Taxes	6,724,337	6,625,239	6,499,884	6,422,109	6,313,631
Interfunds Payable	591,157	88,565	109,125	519,384	4
Other Expenditures	31,833	39,458	45,311	254,659	87,511
Total Expenditures	37,856,831	35,025,162	32,821,356	31,297,182	31,945,310
Statutory Excess to Fund Balance	2,099,214	1,905,174	2,313,545	726,013	2,156,254
<u>Fund Balance</u>					
Fund Balance Jan. 1	2,602,802	2,497,628	1,359,083	2,853,070	2,916,816
	4,702,016	4,402,802	3,672,628	3,579,083	5,073,070
Decreased by:					
Utilized as Anticipated Revenue	1,440,000	1,800,000	1,175,000	2,220,000	2,220,000
Fund Balance Dec. 31	\$ 3,262,016	\$ 2,602,802	\$ 2,497,628	\$ 1,359,083	\$ 2,853,070

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



**CITY OF GLOUCESTER CITY**

**TRUST FUND**

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

	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u> (Restated)	<u>2019</u>
<b><u>ASSETS</u></b>					
Animal Control Fund:					
Cash	\$ 9,543	\$ 16,884	\$ 14,134	\$ 10,868	\$ 8,885
Other Accounts Receivable	8	8	8	8	8
	9,551	16,892	14,142	10,877	8,893
Trust Other Funds:					
Cash	1,013,460	1,076,698	964,644	887,848	965,421
Other Accounts Receivable	1,613,141	1,606,518	1,640,076	1,448,120	1,474,550
	2,626,601	2,683,216	2,604,720	2,335,968	2,439,971
Community Development Fund:					
Cash	806,733	630,269	543,945	487,411	630,565
Other Accounts Receivable	1,821,680	2,405,903	2,687,856	2,857,973	3,052,455
Interfunds Receivable		431,584	385,769	273,443	274,074
	2,628,413	3,467,756	3,617,570	3,618,827	3,957,094
	<u>\$ 5,264,565</u>	<u>\$ 6,167,864</u>	<u>\$ 6,236,432</u>	<u>\$ 5,965,672</u>	<u>\$ 6,405,958</u>
<b><u>LIABILITIES, RESERVES</u></b>					
<b><u>AND FUND BALANCE</u></b>					
Animal Control Fund:					
Reserve for Animal Control					
Fund Expenditures	\$ 6,975	\$ 7,403	\$ 8,064	\$ 8,992	\$ 8,479
Interfunds Payable	2,576	9,489	5,828	1,885	4
Accounts Payable			250		410
	9,551	16,892	14,142	10,877	8,893
Trust Other Funds:					
Reserve for Tax Title Lien Premiums					
and Redemptions	571,550	411,040	262,146	224,567	176,542
Interfunds Payable	150,782	332,753	374,959	101,251	28,814
Accounts Payable		41,875	60,301	45,511	13,151
Other Liabilities and Special Funds	1,904,269	1,897,548	1,907,314	1,964,639	2,221,464
	2,626,601	2,683,216	2,604,720	2,335,968	2,439,971
Community Development Fund:					
Accounts Payable	164,033	109,123	56,720	5,148	19,858
Interfunds Payable	61,506				
Miscellaneous Reserves	2,402,875	3,358,633	3,560,850	3,613,680	3,937,237
	2,628,413	3,467,756	3,617,570	3,618,827	3,957,094
	<u>\$ 5,264,565</u>	<u>\$ 6,167,864</u>	<u>\$ 6,236,432</u>	<u>\$ 5,965,672</u>	<u>\$ 6,405,958</u>

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

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

	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>					
Cash	\$ 1,180,287	\$ 2,127,031	\$ 2,674,741	\$ 66,301	\$ 1,361,749
Interfunds Receivable	643	392,927	269,734	2,025,149	500,387
Grants Receivable	413,103	413,103	413,103	413,103	424,520
Deferred Charges to Future Taxation:					
Unfunded	5,304,200	3,880,794	2,752,594	5,498,644	5,059,744
Funded	9,884,578	10,691,753	11,558,953	8,184,687	9,162,690
	<u>\$ 16,782,810</u>	<u>\$ 17,505,608</u>	<u>\$ 17,669,125</u>	<u>\$ 16,187,884</u>	<u>\$ 16,509,090</u>
 <b><u>LIABILITIES, RESERVES</u></b>					
<b><u>AND FUND BALANCE</u></b>					
Improvement Authorizations:					
Funded	\$ 785,454	\$ 1,306,457	\$ 1,784,379	\$ 844,528	\$ 1,293,570
Unfunded	4,799,219	3,655,615	2,752,594	3,724,769	4,771,734
Capital Improvement Fund	1,136	1,136	1,136	61,136	9,236
Green Trust Loan Payable	111,147	151,275	241,426	380,113	516,068
Demolition Loan Payable	513,431	570,479	627,526	684,574	741,622
Reserve for Encumbrances	445,281	788,055	509,472	165,357	91,899
Interfunds Payable				255,713	
Serial Bond Payable	9,260,000	9,970,000	10,690,000	7,120,000	7,905,000
Reserve to Pay Debt	397,048	636,292	636,293	147,343	147,343
Reserve to Pay Green Loan	7,083	7,083	7,083	7,083	7,083
Bond Anticipation Notes				2,746,450	999,400
Fund Balance	463,010	419,216	419,216	50,817	26,135
	<u>\$ 16,782,810</u>	<u>\$ 17,505,608</u>	<u>\$ 17,669,125</u>	<u>\$ 16,187,884</u>	<u>\$ 16,509,090</u>

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

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

	As of December 31,				
<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Fund:					
Cash	\$ 1,484,692	\$ 1,018,285	\$ 1,427,801	\$ 1,798,923	\$ 1,611,397
Interfunds Receivable	6,067	28,186			72,215
Receivables with Full Reserves:					
Consumer Accounts Receivable	717,479	733,190	484,509	440,421	194,243
Deferred Charges:					
Overexpenditures of Appropriations	64,777	64,777			
Total Operating Fund	2,273,015	1,844,438	1,912,310	2,239,344	1,877,854
Capital Fund:					
Cash	2,096,265	3,554,135	4,160,533	4,568,607	1,161,173
New Jersey Infrastructure Bank Receivable			12,453	29,971	56,247
Interfunds Receivable	76,798	50,673	38,220	32,191	33,235
Fixed Capital	19,654,703	19,596,652	19,596,652	19,596,652	19,561,759
Fixed Capital Authorized and Uncompleted	26,288,796	24,621,847	23,321,847	22,271,847	21,821,847
Total Capital Fund	48,116,563	47,823,307	47,129,705	46,499,268	42,634,262
	\$ 50,389,578	\$ 49,667,745	\$ 49,042,015	\$ 48,738,611	\$ 44,512,116
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Operating Fund:					
Appropriation Reserves	\$ 28,059	\$ 304,842	\$ 309,538	\$ 431,909	\$ 330,762
Encumbrances Payable	123,333	104,327	38,197	42,040	74,755
Accrued Interest on Bonds and Notes	107,229	117,614	88,382	83,076	88,755
Water and Sewer Rental Overpayments	18,598	17,976	14,996	25,080	25,892
Interfunds Payable	527	50,673	63,304	57,550	22,934
Reserve for Contract Settlements					52,491
Reserves for Receivables	717,479	733,190	484,509	440,421	194,243
Fund Balance	1,277,791	515,816	913,384	1,159,268	1,088,023
Total Operating Fund	2,273,015	1,844,438	1,912,310	2,239,344	1,877,854
Capital Fund:					
Interfunds Payable		288,195	165,001	2,041,800	106,074
Bond Anticipation Notes				3,226,317	
Serial Bonds Payable	5,685,000	5,940,000	6,195,000	1,190,000	1,570,000
NJ Infrastructure Bank Loans Payable	5,356,263	6,110,951	6,886,299	7,718,089	8,534,475
Capital Improvement Fund	57,470	57,470	57,470	57,470	57,470
Improvement Authorizations - Funded	1,463,607	2,112,677	3,002,097	659,062	1,529,163
Improvement Authorizations - Unfunded	2,669,319	1,332,551	32,551	1,586,547	3,565,130
Reserve for Encumbrances	953,966	1,060,214	900,385	1,535,751	32,078
Reserve to Pay Debt	81,287	81,287	81,287	81,287	81,287
Reserve for Amortization	29,568,057	28,558,369	27,528,022	26,328,088	25,112,723
Deferred Reserve for Amortization	2,033,207	2,033,207	2,033,207	2,033,207	2,033,207
Fund Balance	248,386	248,386	248,386	41,649	12,654
Total Capital Fund	48,116,563	47,823,307	47,129,705	46,499,268	42,634,262
	\$ 50,389,578	\$ 49,667,745	\$ 49,042,015	\$ 48,738,611	\$ 44,512,116

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

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

	For the Years Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 400,000	\$ 600,000	\$ 550,000	\$ 530,000	\$ 530,000
Sewer Service Charges	4,822,544	4,185,770	4,218,003	4,326,559	4,422,227
Miscellaneous	309,304	132,910	165,568	213,751	340,372
Other Credits to Income	288,861	256,353	409,577	398,759	84,034
Total Income	5,820,710	5,175,033	5,343,148	5,469,068	5,376,633
<u>Expenditures</u>					
Operating	3,146,415	3,342,830	3,149,000	3,100,000	2,920,685
Debt Service	1,280,736	1,332,600	1,460,032	1,385,505	1,338,363
Capital Improvement Fund			100,000	107,000	10,000
Surplus to Current Fund		65,000	65,000	65,000	65,000
Statutory Expenditures	231,585	296,947	265,000	210,318	211,415
Total Expenditures	4,658,736	5,037,377	5,039,032	4,867,823	4,545,463
Excess in Revenue	1,161,974	137,656	304,116	601,245	831,170
Adjustments to Income before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year		64,777			
Statutory Excess to Fund Balance	1,161,974	202,433	304,116	601,245	831,170
<u>Fund Balance</u>					
Balance January 1	515,817	913,384	1,159,268	1,088,023	786,853
	1,677,791	1,115,817	1,463,384	1,689,268	1,618,023
Decreased by:					
Realized as Revenue	400,000	600,000	550,000	530,000	530,000
Balance December 31	\$ 1,277,791	\$ 515,817	\$ 913,384	\$ 1,159,268	\$ 1,088,023

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

**CITY OF GLOUCESTER CITY**  
Notes to Financial Statements  
For the Year Ended December 31, 2023

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

**Description of Financial Reporting Entity** - The City of Gloucester City (hereafter referred to as the "City") was incorporated by an act of the New Jersey Legislature on February 25, 1868, from the remaining portions of Union City, which was then dissolved. The City, which is located in Camden County, has a total area of approximately three square miles, and is centrally located directly across the Delaware River from Philadelphia and the Port of Philadelphia. The City borders the Boroughs of Brooklawn, Bellmawr, Mount Ephraim, the City of Camden and Haddon Township in addition to bordering Gloucester County. According to the 2020 census, the population is 11,484.

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

**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:

Gloucester City Library  
50 North Railroad  
Gloucester City, New Jersey 08030

Gloucester City Economic Development Corporation  
P.O. Box 602  
Gloucester City, New Jersey 08030

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

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

**Budgets and Budgetary Accounting** - The City must adopt an annual budget for its current and water & sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 for fiscal year 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* (2 CFR Part 225), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

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

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

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

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

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

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

**Fund Balance** - Fund balances included in the current fund and water 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 Gloucester City School District, and the Gloucester City Library. 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 Gloucester City School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

**County Taxes** - The City 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. 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)**

**Library Taxes** - The City is responsible for levying, collecting, and remitting library taxes to the Gloucester City Library. Effective 2011, the amount of library tax is a separate local levy tax and is remitted to the library through the municipal budget.

**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 immediately 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles****Recently Issued Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following statement that have effective dates that may affect future financial presentations:

Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the City in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the City, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the City.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of December 31, 2023, the City's bank balances of \$11,737,291.09 were insured by FDIC and GUDPA.

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$ 5.004</u>	<u>\$ 4.705</u>	<u>\$ 4.658</u>	<u>\$ 4.498</u>	<u>\$ 4.406</u>
Apportionment of Tax Rate:					
Municipal	\$ 2.813	\$ 2.535	\$ 2.535	\$ 2.381	\$ 2.289
Municipal Library	.042	.038	.035	0.035	0.035
County Open Space	.025	.023	.021	0.021	0.021
County	.836	.836	.815	0.821	0.842
Local School	1.288	1.273	1.252	1.240	1.219

**Note 3: PROPERTY TAXES (CONT'D)****Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2023	\$ 522,198,950.00
2022	520,532,950.00
2021	519,128,250.00
2020	518,138,650.00
2019	518,017,950.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$ 26,282,163.61	\$25,819,380.98	98.24%
2022	24,581,115.04	24,180,350.78	98.37%
2021	24,365,909.82	23,907,636.75	98.12%
2020	23,354,515.99	22,814,614.63	97.69%
2019	22,877,306.83	22,341,268.31	97.66%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$ 14,973.16	\$ 461,569.75	\$ 476,542.91	1.81%
2022	11,154.45	374,785.91	385,940.36	1.57%
2021	14,565.96	441,467.94	456,033.90	1.87%
2020	43,369.04	510,328.22	553,697.26	2.37%
2019	84,532.95	442,523.48	527,056.43	2.30%

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>Year</u>	<u>Number</u>
2023	3
2022	3
2021	5
2020	9
2019	12

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2023	\$ 2,202,200.00
2022	2,220,500.00
2021	2,491,700.00
2020	2,716,700.00
2019	2,548,800.00

**Note 5: 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:

<u>Year</u>	<u>Beginning Receivable</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2023	\$ 733,189.69	\$ 4,768,685.01	\$ 5,501,874.70	\$ 4,822,544.36
2022	484,509.00	4,434,451.20	4,918,960.20	4,185,770.51
2021	440,420.69	4,262,091.41	4,702,512.10	4,218,003.10
2020	194,242.87	4,572,736.59	4,766,979.46	4,326,558.77
2019	223,604.96	4,519,197.47	4,742,802.43	4,422,227.20

**Note 6: LEASES RECEIVABLE**

The City, as lessor, has entered into the following leases which meet the requirements of GASB Statement No. 87, *Leases*:

**Cell Towers Lease** - On January 1, 2006, the City entered into a five-year lease agreement with 5 five-year renewals with T-Mobile for the lease of cell towers with an incremental borrowing rate of 4.35%. Based on this agreement, the City is receiving payments of \$2,462.35 on a monthly basis with a 2% increase at every renewal through December 31, 2035.

**Cell Towers Lease** - On October 1, 2015, the City entered into a twenty five-year lease agreement with AT&T for the lease of cell towers with an incremental borrowing rate of 0.74%. Based on this agreement, the City is receiving payments of \$2,250.00 on a monthly basis with a 7.5% increase at every renewal through December 31, 2040.

**Cell Towers Lease** - On November 1, 2021, the City entered into a twenty-year lease agreement with Verizon for the lease of cell towers with an incremental borrowing rate of 2.732%. Based on this agreement, the City is receiving payments of \$42,960 on a yearly basis through November 30, 2040.

Under the provisions of GASB 87, as of December 31, 2023, the balance of the lease's receivable is \$1,344,331.78. As a result of the regulatory basis of accounting previously described in note 1, such balance is not recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund.

**Note 6: LEASES RECEIVABLE (CONT'D)**

The following is a summary of the leases as of December 31, 2023:

<u>Lease Description</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell Towers	<u>\$ 1,344,331.78</u>	<u>\$ 74,331.68</u>	<u>\$ 32,867.24</u>

Under the provisions of GASB 87, for the year ended December 31, 2023, the City would have recognized \$66,640.96 in a reduction of lease receivable and \$32,867.24 in interest revenue related to the leases. In addition, \$74,331.68 would have been recognized as both lease revenue and a reduction in deferred inflows of resources related to leases.

As a result of the regulatory basis of accounting previously described in note 1, the rental payments collected of \$99,508.20 were reported as revenue in the current fund.

The following schedule are the represents future payments for those leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 68,285.35	\$ 31,222.85	\$ 99,508.20
2025	70,490.54	29,523.91	100,014.45
2026	74,377.42	27,746.78	102,124.20
2027	76,232.56	25,891.64	102,124.20
2028	78,149.60	23,974.60	102,124.20
2029-2033	430,923.03	88,581.24	519,504.27
2034-2038	405,048.66	34,850.25	439,898.91
2039-2040	<u>140,824.62</u>	<u>3,793.27</u>	<u>36,300.00</u>
Total	<u>\$ 1,344,331.78</u>	<u>\$ 265,584.54</u>	<u>\$ 1,501,598.43</u>

**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**

	<b>Balance</b>	<b>Utilized in</b>	<b>Percentage</b>
<b><u>Year</u></b>	<b><u>December 31,</u></b>	<b><u>Budget of</u></b>	<b><u>of Fund</u></b>
		<b><u>Succeeding Year</u></b>	<b><u>Balance Used</u></b>
2023	\$ 3,262,015.65	\$ 2,200,000.00	67.44%
2022	2,602,801.82	1,440,000.00	55.32%
2021	2,497,627.64	1,800,000.00	72.07%
2020	1,359,082.66	1,175,000.00	86.46%
2019	2,853,069.84	2,220,000.00	77.81%

**Water & Sewer Utility Fund**

	<b>Balance</b>	<b>Utilized in Succeeding Year</b>		<b>Percentage</b>
<b><u>Year</u></b>	<b><u>December 31,</u></b>	<b><u>Utility</u></b>	<b><u>Current Fund</u></b>	<b><u>of Fund</u></b>
		<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Balance Used</u></b>
2023	\$ 1,277,790.67	\$ 400,000.00		31.30%
2022	515,816.45	400,000.00		77.55%
2021	913,384.27	600,000.00	\$ 65,000.00	72.81%
2020	1,159,267.87	550,000.00	65,000.00	53.05%
2019	1,088,022.82	530,000.00	65,000.00	54.69%

**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 December 31, 2023:

<b><u>Fund</u></b>	<b><u>Interfunds</u></b>	<b><u>Interfunds</u></b>
	<b><u>Receivable</u></b>	<b><u>Payable</u></b>
Current	\$ 767,157.38	\$ 82,980.07
Federal and State Grant		552,292.96
Trust - Community Development		61,505.50
Trust - Animal Control		2,576.33
Trust - Other		150,782.26
General Capital	643.05	0.60
Utility - Operating	6,067.47	527.71
Utility - Capital	76,797.53	
Totals	<u>\$ 850,665.43</u>	<u>\$ 850,665.43</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2024, 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, certain City employees may be eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly 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. As a local participation employer of these pension plans, the City is referred to as "Employer" throughout this note. 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, and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Employer, 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.

**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, and disability benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Employer. 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 P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. 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 state or local officials who are elected or appointed on or after July 1, 2007; 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.

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

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

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 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 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.

**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.



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

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and 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 is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

*Special Funding Situation Component* - Under N.J.S.A. 43:15A, 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. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

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 Employer's contractually required contribution rate for the year ended December 31, 2023 was 16.42% of the Employer'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, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$569,045.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$534,702.00, which was paid on April 1, 2023.

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

**Public Employees' Retirement System (Cont'd)** - Employee contributions to the Plan for the year ended December 31, 2023 were \$264,104.14.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2023 was .56% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$19,232.00. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$13,464.00.

**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 is currently 10.0% of base salary. 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 Employer's contractually required contribution rate for the year ended December 31, 2023 was 34.98% of the Employer'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, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$1,868,661.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$1,853,150.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$535,628.80.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, for the year ended December 31, 2023 was 6.12% of the Employer's covered payroll.

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

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$326,826.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$361,369.00, which was paid on April 1, 2023.

**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 Employer contributes 3% of the employees' base salary, for each pay period.

The City adopted a Defined Contribution Retirement Program on March 23, 2017. Currently, there are no participants in the program.

**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

**Pension Liability** - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$6,166,923.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer'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, 2023 measurement date, the Employer's proportion was .0425763856%, which was an increase of .0001749869% from its proportion measured as of June 30, 2022.

**Pension (Benefit) Expense** - For the year ended December 31, 2023, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was (\$186,087.00). This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PERS was \$569,045.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 measurement date, was \$19,232.00. This on-behalf (benefit) expense is not recognized by the Employer 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)****Police and Firemen's Retirement System**

**Pension Liability** - As of December 31, 2023, the Employer's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 15,509,625.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	<u>2,857,829.00</u>
	<u><u>\$ 18,367,454.00</u></u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer'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, 2023 measurement date, the Employer's proportion was .1403740600%, which was a decrease of .0021152900% from its proportion measured as of June 30, 2022. Likewise, at June 30, 2023, the State of New Jersey's proportion, on-behalf of the Employer, was .1403742600%, which was a decrease of .0021152200% from its proportion, on-behalf of the Employer, measured as of June 30, 2022.

**Pension (Benefit) Expense** - For the year ended December 31, 2023, the Employer's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was \$1,171,721.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PFRS was \$1,853,150.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Employer, calculated by the Plan as of the June 30, 2023 measurement date, was \$325,072.00. This on-behalf (benefit) expense is not recognized by the Employer 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** - As of December 31, 2023, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 58,964.00	\$ 664,091.00	\$ 723,055.00	\$ 25,208.00	\$ 739,672.00	\$ 764,880.00
Changes of Assumptions	13,547.00	33,475.00	47,022.00	373,742.00	1,047,271.00	1,421,013.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	28,399.00	789,876.00	818,275.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	363,264.00	1,090,708.00	1,453,972.00	622,456.00	273,124.00	895,580.00
Contributions Subsequent to the Measurement Date	284,523.00	934,331.00	1,218,854.00	-	-	-
	<u>\$ 748,697.00</u>	<u>\$ 3,512,481.00</u>	<u>\$ 4,261,178.00</u>	<u>\$ 1,021,406.00</u>	<u>\$ 2,060,067.00</u>	<u>\$ 3,081,473.00</u>

Deferred outflows of resources in the amounts of \$284,523.00 and \$934,331.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2024. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2023 to the Employer's year end of December 31, 2023.

**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 Employer will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<b>PERS</b>		<b>PFRS</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
June 30, 2022	-	5.04	6.22	-
June 30, 2023	5.08	-	6.16	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
June 30, 2022	-	5.04	-	6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
June 30, 2021	5.00	-	5.00	-
June 30, 2022	5.00	-	5.00	-
June 30, 2023	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17
June 30, 2022	5.04	5.04	6.22	6.22
June 30, 2023	5.08	5.08	6.16	6.16

**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><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2024	\$ (386,868.00)	\$ (367,608.00)	\$ (754,476.00)
2025	(213,311.00)	(295,102.00)	(508,413.00)
2026	89,076.00	1,222,326.00	1,311,402.00
2027	(47,362.00)	(33,614.00)	(80,976.00)
2028	1,233.00	(4,257.00)	(3,024.00)
Thereafter	-	(3,662.00)	(3,662.00)
	<u>\$ (557,232.00)</u>	<u>\$ 518,083.00</u>	<u>\$ (39,149.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023. 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:	2.75% - 6.55%	3.25% - 16.25%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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-2021.

**Police and Firemen's Retirement System**

Pre-retirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2023) 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, 2023 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	



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

For both PERS and PFRS, the discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2023 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer'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>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Proportionate Share of the Net Pension Liability	\$ 8,028,022.00	\$ 6,166,923.00	\$ 4,582,882.00

**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 Employer's annual required contribution. As such, the net pension liability as of the June 30, 2023 measurement date, for the Employer and the State of New Jersey, calculated using a discount rate of 7.00%, 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 (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Proportionate Share of the Net Pension Liability	\$ 21,609,947.00	\$ 15,509,625.00	\$ 10,429,515.00
State of New Jersey's Proportionate Share of Net Pension Liability	3,981,884.00	2,857,829.00	1,921,759.00
	<u>\$ 25,591,831.00</u>	<u>\$ 18,367,454.00</u>	<u>\$ 12,351,274.00</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.

**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.

***Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Ten Plan Years)***

	<b>Measurement Date Ended June 30,</b>				
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Proportion of the Net Pension Liability	0.0425763856%	0.0424013987%	0.0474719749%	0.0437191088%	0.0445080272%
Proportionate Share of the Net Pension Liability	\$ 6,166,923.00	\$ 6,398,955.00	\$ 5,623,767.00	\$ 7,129,443.00	\$ 8,019,671.00
Covered Payroll (Plan Measurement Period)	\$ 3,196,300.00	\$ 3,112,840.00	\$ 3,480,284.00	\$ 3,166,148.00	\$ 3,157,752.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	192.94%	205.57%	161.59%	225.18%	253.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	<b>Measurement Date Ended June 30,</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Proportion of the Net Pension Liability	0.0445939774%	0.0470573402%	0.0476726485%	0.0450152010%	0.0453950203%
Proportionate Share of the Net Pension Liability	\$ 8,780,332.00	\$ 10,954,197.00	\$ 14,119,271.00	\$ 10,105,011.00	\$ 8,499,189.00
Covered Payroll (Plan Measurement Period)	\$ 3,136,828.00	\$ 6,812,684.00	\$ 3,255,632.00	\$ 3,135,224.00	\$ 3,166,288.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	279.91%	160.79%	433.69%	322.31%	268.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

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

	<b>Year Ended December 31,</b>				
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Contractually Required Contribution	\$ 569,045.00	\$ 534,702.00	\$ 555,952.00	\$ 478,265.00	\$ 432,932.00
Contribution in Relation to the Contractually Required Contribution	<u>(569,045.00)</u>	<u>(534,702.00)</u>	<u>(555,952.00)</u>	<u>(478,265.00)</u>	<u>(432,932.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 3,464,602.00	\$ 3,200,276.00	\$ 3,211,757.00	\$ 3,463,661.00	\$ 3,139,127.00
Contributions as a Percentage of Covered Payroll	16.42%	16.71%	17.31%	13.81%	13.79%
	<b>Year Ended December 31,</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	\$ 443,566.00	\$ 435,936.00	\$ 423,517.00	\$ 387,010.00	\$ 374,230.00
Contribution in Relation to the Contractually Required Contribution	<u>(443,566.00)</u>	<u>(435,936.00)</u>	<u>(423,517.00)</u>	<u>(387,010.00)</u>	<u>(374,230.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 3,130,108.00	\$ 3,167,194.00	\$ 6,777,154.00	\$ 3,243,986.00	\$ 3,131,526.00
Contributions as a Percentage of Covered Payroll	14.17%	13.76%	6.25%	11.93%	11.95%

**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Ten Plan Years)***

	<b>Measurement Date Ended June 30,</b>				
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Proportion of the Net Pension Liability	0.1403740600%	0.1424893500%	0.1407318937%	0.1290457046%	0.1293029699%
Proportionate Share of the Net Pension Liability	\$ 15,509,625.00	\$ 16,309,839.00	\$ 10,286,308.00	\$ 16,674,407.00	\$ 15,823,863.00
State's Proportionate Share of the Net Pension Liability	2,857,829.00	2,902,673.00	2,893,022.00	2,587,792.00	2,498,618.00
Total	<u>\$ 18,367,454.00</u>	<u>\$ 19,212,512.00</u>	<u>\$ 13,179,330.00</u>	<u>\$ 19,262,199.00</u>	<u>\$ 18,322,481.00</u>
Covered Payroll (Plan Measurement Period)	\$ 5,113,976.00	\$ 5,061,052.00	\$ 4,933,372.00	\$ 4,452,864.00	\$ 3,136,828.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	303.28%	322.26%	208.50%	374.46%	504.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%
	<b>Measurement Date Ended June 30,</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Proportion of the Net Pension Liability	0.1312327009%	0.1277907811%	0.1355526769%	0.1372918547%	0.1237413458%
Proportionate Share of the Net Pension Liability	\$ 17,757,948.00	\$ 19,728,426.00	\$ 25,894,029.00	\$ 22,868,037.00	\$ 15,565,514.00
State's Proportionate Share of the Net Pension Liability	2,412,124.00	2,209,750.00	2,174,456.00	2,005,450.00	1,676,144.00
Total	<u>\$ 20,170,072.00</u>	<u>\$ 21,938,176.00</u>	<u>\$ 28,068,485.00</u>	<u>\$ 24,873,487.00</u>	<u>\$ 17,241,658.00</u>
Covered Payroll (Plan Measurement Period)	\$ 4,353,476.00	\$ 4,195,388.00	\$ 4,299,392.00	\$ 3,135,224.00	\$ 3,908,352.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.90%	470.24%	602.27%	729.39%	398.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%	56.31%	62.41%

**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Ten Years)***

	<b>Year Ended December 31,</b>				
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Contractually Required Contribution	\$ 1,868,661.00	\$ 1,853,150.00	\$ 1,640,180.00	\$ 1,441,661.00	\$ 1,306,103.00
Contribution in Relation to the Contractually Required Contribution	<u>(1,868,661.00)</u>	<u>(1,853,150.00)</u>	<u>(1,640,180.00)</u>	<u>(1,441,661.00)</u>	<u>(1,306,103.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 5,342,393.00	\$ 5,161,072.00	\$ 5,139,044.00	\$ 5,023,726.00	\$ 4,476,238.00
Contributions as a Percentage of Covered Payroll	34.98%	35.91%	31.92%	28.70%	29.18%
	<b>Year Ended December 31,</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	\$ 1,282,993.00	\$ 1,130,972.00	\$ 1,105,216.00	\$ 1,115,978.00	\$ 950,419.00
Contribution in Relation to the Contractually Required Contribution	<u>(1,282,993.00)</u>	<u>(1,130,972.00)</u>	<u>(1,105,216.00)</u>	<u>(1,115,978.00)</u>	<u>(950,419.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 3,167,194.00	\$ 4,349,934.00	\$ 4,146,258.00	\$ 4,294,647.00	\$ 3,131,526.00
Contributions as a Percentage of Covered Payroll	40.51%	26.00%	26.66%	25.99%	30.35%

**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

**Changes in Assumptions**

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<b><u>Discount Rate</u></b>				<b><u>Long-term Expected Rate of Return</u></b>			
<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%

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

The June 30, 2023 measurement date include the following plan amendment: Chapter 92, P.L. 2023 establishing an extension of the previous plan amendment Chapter 52, P.L. 2021, allowing members enrolled between January 18, 2000 and April 19, 2021 to retire prior to age 55 if they have attained 20 years of creditable service and retire by May 1, 2026.

**Changes in Assumptions**

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<b><u>Discount Rate</u></b>				<b><u>Long-term Expected Rate of Return</u></b>			
<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>
2023	7.00%	2018	6.51%	2023	7.00%	2018	7.00%
2022	7.00%	2017	6.14%	2022	7.00%	2017	7.00%
2021	7.00%	2016	5.55%	2021	7.00%	2016	7.65%
2020	7.00%	2015	5.79%	2020	7.00%	2015	7.90%
2019	6.85%	2014	6.32%	2019	7.00%	2014	7.90%

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****General Information about the State Health Benefit Local Government Retired Employees Plan**

**Plan Description and Benefits Provided** - The City does not provide postemployment benefits to its retirees; however, the State of New Jersey (the "State") provides these benefits to certain City retirees and their dependents under a special funding situation as described below.

The State, on-behalf of 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") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>. As a local participating employer of the Plan, the City is referred to as "Employer" throughout this note.

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

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

**Special Funding Situation Component** - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. 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.

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 participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Employer is not known; however, under the special funding situation, the State's OPEB expense (benefit), on-behalf of the Employer, is (\$1,831,596.00) for the year ended December 31, 2023, representing -34.28% of the Employer's covered payroll.

**OPEB Liability**

**OPEB Liability** - At December 31, 2023 the State's proportionate Share of the Net OPEB liability associated with the Employer is \$10,101,483.00. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

The State's proportion of the net OPEB liability, on-behalf of the Employer, 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, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the State's proportion on-behalf of the City was .289516% which was a decrease of .038951% from its proportion measured as of the June 30, 2022 measurement date.



**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, used the following actuarial assumptions, applied to all periods in the measurement:

## Salary Increases:

PFRS - Rates for all future years	3.25% to 16.25% based on years of service
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## Mortality:

PFRS - Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

Actuarial assumptions used in the valuation were based on the results of the PFRS experience study prepared for July 1, 2018 to June 30, 2021.

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

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "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, 2023 was 3.65%. 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.

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

The health care trend assumptions used is as follows:

<b>Fiscal Year Ending</b>	<b>Annual Rate of Increase</b>					
	<b>Medical Trend</b>			<b>Prescription Drug Trend</b>		
	<b>Pre-65</b>	<b>PPO Post-65</b>	<b>HMO Post-65</b>	<b>Pre-65</b>	<b>Post-65</b>	<b>EGWP</b>
2024	6.50%	-5.63%	-6.04%	14.00%	9.50%	14.28%
2025	6.25%	8.22%	8.33%	10.00%	8.75%	11.21%
2026	6.00%	16.85%	17.28%	7.50%	7.50%	7.50%
2027	5.75%	14.31%	14.65%	6.75%	6.75%	6.75%
2028	5.50%	12.43%	12.71%	6.00%	6.00%	6.00%
2029	5.25%	11.02%	11.24%	5.25%	5.25%	5.25%
2030	5.00%	9.91%	10.09%	4.50%	4.50%	4.50%
2031	4.75%	8.98%	9.14%	4.50%	4.50%	4.50%
2032	4.50%	6.46%	6.53%	4.50%	4.50%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability, calculated using a discount rate of 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	<b>1% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>\$ 11,700,737.00</u>	<u>\$ 10,101,483.00</u>	<u>\$ 8,815,130.00</u>

**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>\$ 8,585,072.00</u>	<u>\$ 10,101,483.00</u>	<u>\$ 12,042,953.00</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****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.

**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.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the State's Proportionate Share of the net OPEB Liability Associated with the Employer (Last Seven Plan Years)***

	<b>Measurement Date Ended June 30,</b>			
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021 (a)</u></b>	<b><u>2020</u></b>
Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	100.00%	100.00%	100.00%	100.00%
Total	100.00%	100.00%	100.00%	100.00%
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	10,101,483.00	11,081,851.00	12,480,604.00	12,366,272.00
Total	\$ 10,101,483.00	\$ 11,081,851.00	\$ 12,480,604.00	\$ 12,366,272.00
Covered Payroll (Plan Measurement Period)	\$ 5,277,058.00	\$ 5,150,694.00	\$ 5,137,980.00	\$ 4,668,403.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	191.42%	215.15%	242.91%	264.89%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.91%
	<b>Measurement Date Ended June 30,</b>			
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	
Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	100.00%	100.00%	100.00%	
Total	100.00%	100.00%	100.00%	
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	9,638,290.00	11,152,360.00	15,931,997.00	
Total	\$ 9,638,290.00	\$ 11,152,360.00	\$ 15,931,997.00	
Covered Payroll (Plan Measurement Period)	\$ 4,457,024.00	\$ 4,315,772.00	\$ 4,218,315.00	
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	216.25%	258.41%	377.69%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%	

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Other Notes to Supplementary OPEB Information**

**Changes in Benefit Terms** - The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, included changes due to employers adopting and/or changing Chapter 48 provisions.

**Changes in Assumptions** - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%		

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated.

There were no changes to mortality projections.

**CITY OF GLOUCESTER CITY POSTEMPLOYMENT BENEFIT PLAN**

**Plan Description and Benefits Provided** - The City is referred to as "Employer" throughout this note. The Employer provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Employer's provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the Employer under various classifications and who have at least twenty five (25) years of service with the Employer. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the Employer and the I.A.F.F. Locals 3198 and 2663. The Plan is administered by the Employer; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Employer provides the retirees with a detailed accounting of the costs.

**Employees Covered by Benefit Terms** - As of December 31, 2023, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	93
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	90
	<hr/>
	183
	<hr/>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****CITY OF GLOUCESTER CITY POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Total OPEB Liability**

The Employer's total OPEB liability of \$53,129,547.00 was measured as of December 31, 2023 and was determined by an actuarial valuation as of this same date.

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	2.50% Annually
Discount Rate	3.72% as of December 31, 2022
	3.26% as of December 31, 2023
Healthcare Cost Trend Rates	5.31% in 2023, Reducing by 0.2% per annum, leveling at 4.5% per annum in 2026
Drug	6.0% in 2023, Reducing by 0.5% per annum, leveling at 4.5% per annum in 2026
Medicare Advantage	4.5% per annum
Dental	3.5% per annum
Retirees' Share of Benefit-Related Costs	Retiree's who retired before the passage of Chapter 78 or those employees who had 25 years of service on the date of passage are grandfathered. All others are subject to contribution rates in effect when they retired, but not less than 1.5% of their annual retirement allowance from PERS.

The discount rates were based on the Bond Buyer 20 Index.

Mortality rates were based on the PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021.

An experience study was not performed on the actuarial assumptions used in the December 31, 2023 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****CITY OF GLOUCESTER CITY POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability**

	<u>December 31, 2023</u>
Balance at Beginning of Year	\$ 52,494,054.00
Changes for the Year:	
Service Cost	\$ 734,825.00
Interest Cost	1,958,325.00
Benefit Payments	(1,171,440.00)
Actuarial Assumption Changes	(886,217.00)
Difference between expected and actual experience	<u>-</u>
Net Changes	<u>635,493.00</u>
Balance at End of Year	<u><u>\$ 53,129,547.00</u></u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72% at December 31, 2022 to 3.26% at December 31, 2023.

**Sensitivity of Total OPEB Liability to Changes in Discount Rate** - The following presents the total OPEB liability of the Employer, as well as what the Employer's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>December 31, 2023</u>		
	<b><u>1.00% Decrease (2.26%)</u></b>	<b><u>Current Discount Rate (3.26%)</u></b>	<b><u>1.00% Increase (4.26%)</u></b>
Total OPEB Liability	<u>\$60,318,345.00</u>	<u>\$53,129,547.00</u>	<u>\$ 47,353,369.00</u>

The following presents the total OPEB liability of the Employer as well as what the Employer's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>December 31, 2023</u>		
	<b><u>1.00% Decrease</u></b>	<b><u>Healthcare Cost Trend Rate</u></b>	<b><u>1.00% Increase</u></b>
Total OPEB Liability	<u>\$48,004,835.00</u>	<u>\$53,129,547.00</u>	<u>\$59,461,031.00</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****CITY OF GLOUCESTER CITY POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

**OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2023, the Employer recognized OPEB (benefit) expense of \$2,649,163.00. As of December 31, 2023, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions or Other Inputs	\$ 7,120,780.00	\$10,235,121.00
Difference between expected and actual experience	<u>1,555,648.00</u>	<u>-</u>
	<b><u>\$ 8,676,428.00</u></b>	<b><u>\$10,235,121.00</u></b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

<b><u>Year Ending December 31,</u></b>	
2024	\$ (43,987.00)
2025	(43,987.00)
2026	(43,987.00)
2027	(43,987.00)
2028	(43,987.00)
Thereafter	<u>(1,338,758.00)</u>
	<b><u>\$ (1,558,693.00)</u></b>

**Supplementary OPEB Information**

In accordance with GASB No. 75, the following information is also presented for the Employer's OPEB 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.



**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****CITY OF GLOUCESTER CITY POSTEMPLOYMENT BENEFIT PLAN (CONT'D)*****Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios (Last Six Years)***

	Plan Measurement Date December 31,					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service Cost	\$ 734,825.00	\$ 734,825.00	\$ 769,183.00	\$ 769,183.00	\$ 577,890.00	\$ 577,890.00
Interest Cost	1,958,325.00	1,143,996.00	1,283,917.00	1,526,946.00	1,971,033.00	1,919,825.00
Benefit Payments	(1,171,440.00)	(1,222,392.00)	(1,146,744.00)	(1,261,701.00)	(1,335,648.00)	(1,161,840.00)
Actuarial Assumption Changes	(886,217.00)	(5,340,855.00)	(5,862,439.00)	3,742,263.00	6,212,427.00	-
Differences Between Expected and Actual Experience	-	1,768,270.00	-	-	-	-
Net Change in Total OPEB Liability	635,493.00	(2,916,156.00)	(4,956,083.00)	4,776,691.00	7,425,702.00	1,335,875.00
Total OPEB Liability - Beginning of Year	52,494,054.00	55,410,210.00	60,366,293.00	55,589,602.00	48,163,900.00	46,828,025.00
Total OPEB Liability - End of Year	<u>\$ 53,129,547.00</u>	<u>\$ 52,494,054.00</u>	<u>\$ 55,410,210.00</u>	<u>\$ 60,366,293.00</u>	<u>\$ 55,589,602.00</u>	<u>\$ 48,163,900.00</u>
Covered-Employee Payroll	\$ 6,903,000.00	\$ 6,703,000.00	\$ 6,139,000.00	\$ 6,603,000.00	\$ 6,603,139.27	\$ 6,426,000.00
Total OPEB Liability as a Percentage of Covered-Employee Payroll	769.66%	783.14%	902.59%	914.23%	841.87%	749.52%

**Other Notes to Supplementary OPEB Information**

**Changes in Benefit Terms** - None Noted.

**Changes in Assumptions** - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	3.26%	2020	2.12%
2022	3.72%	2019	2.74%
2021	2.06%	2018	4.10%

**Note 11: COMPENSATED ABSENCES**

The City permits employees to carry over vacations days from year to year. Additionally, union contracts and personnel policy allows employees to accrue unused sick days. Compensated absence packages differ according to the various union contracts.

The City does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2023, accrued benefits for compensated absences are valued at \$2,455,626.60.

**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 Improvement Bonds**

General Improvement Bonds, Series 2018 - On April 11, 2018, the City issued \$2,708,000.00 of callable general improvement bonds, with interest rates ranging from 3.00% to 3.125%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is February 15, 2030.

Taxable General Improvement Bonds, Series 2018 - On April 11, 2018, the City issued \$4,590,000.00 of callable taxable general improvement bonds, with interest rates ranging from 4.00% to 4.25%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is February 15, 2043.

General Improvement Bonds, Series 2021 - On November 4, 2021, the City issued \$4,375,000.00 of callable general improvement bonds, with interest rates ranging from 2.00% to 4.00%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is July 15, 2032.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 725,000.00	\$ 314,487.52	\$ 1,039,487.52
2025	745,000.00	291,021.89	1,036,021.89
2026	765,000.00	266,590.64	1,031,590.64
2027	780,000.00	241,478.14	1,021,478.14
2028	810,000.00	215,775.01	1,025,775.01
2029-2033	3,135,000.00	702,121.91	3,837,121.91
2034-2038	1,055,000.00	377,718.76	1,432,718.76
2039-2043	1,245,000.00	134,406.25	1,379,406.25
Totals	<u>\$ 9,260,000.00</u>	<u>\$ 2,543,600.12</u>	<u>\$ 11,803,600.12</u>

**Note 13: CAPITAL DEBT (CONT'D)****General Debt - New Jersey Green Acres Loans**

On December 19, 2007, the City entered into a third loan agreement with the New Jersey Department of Environmental Protection to provide \$450,000.00, at an interest rate of 2.0%. The proceeds were used to fund the completion of the Riverfront Park Project. Semiannual debt payments are due March 21st and September 21st through 2024.

On September 10, 2012, the City entered into a fourth loan agreement with the New Jersey Department of Environmental Protection to provide \$170,000.00, at an interest rate of 2.0%. The proceeds were used to fund the construction of a walkway at Freedom Pier. Semiannual debt payments are due June 13th and December 13th through 2031.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,934.33	\$ 2,019.29	\$ 42,953.62
2025	9,441.63	1,357.29	10,798.92
2026	9,631.40	1,167.51	10,798.91
2027	9,825.00	973.92	10,798.92
2028	10,022.48	776.44	10,798.92
2029-2031	31,292.38	1,104.31	32,396.69
Totals	<u>\$ 111,147.22</u>	<u>\$ 7,398.76</u>	<u>\$ 118,545.98</u>

**General Debt - New Jersey Demolition Loans**

On October 15, 2018, the City entered into an agreement with the New Jersey Department of Community Affairs to provide \$856,329.53 at an interest rate of 1.0%. The proceeds were used to fund the demolition of various structures. Annual debt payments are due October 13th through 2032.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 57,047.86	\$ 611.66	\$ 57,659.52
2025	57,047.86	611.66	57,659.52
2026	57,047.86	611.66	57,659.52
2027	57,047.86	611.66	57,659.52
2028	57,047.86	611.66	57,659.52
2029-2032	228,191.42	2,446.64	230,638.06
Totals	<u>\$ 513,430.71</u>	<u>\$ 5,504.94</u>	<u>\$ 518,935.65</u>

**Note 13: CAPITAL DEBT (CONT'D)****Water & Sewer Utility Debt - Serial Bonds**

Water and Sewer Utility Bonds, Series 2018 - On April 11, 2018, the City issued \$904,000.00 of callable water and sewer utility bonds, with interest rates ranging from 3.00% to 3.50%. The bonds were issued for the purpose of funding various water and sewer utility improvements. The final maturity of the bonds is February 15, 2039.

General Improvement Bonds, Series 2021 - On November 4, 2021, the City issued \$5,385,000.00 of callable general improvement bonds, with interest rates ranging from 2.00% to 4.00%. The bonds were issued for the purpose of funding various sewer utility projects in the City. The final maturity of the bonds is July 15, 2041.

The following schedule represents the remaining debt service, through maturity, for the Water & Sewer Utility serial bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 260,000.00	\$ 144,081.26	\$ 404,081.26
2025	265,000.00	136,259.38	401,259.38
2026	275,000.00	128,265.63	403,265.63
2027	285,000.00	119,893.76	404,893.76
2028	290,000.00	111,293.76	401,293.76
2029-2033	1,550,000.00	421,090.65	1,971,090.65
2034-2038	1,735,000.00	231,256.25	1,966,256.25
2039-2041	1,025,000.00	44,418.76	1,069,418.76
Totals	<u>\$ 5,685,000.00</u>	<u>\$ 1,336,559.45</u>	<u>\$ 7,021,559.45</u>

**Water & Sewer Utility Debt - New Jersey Environmental Infrastructure Loans**

On November 6, 2008, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$4,562,738.00, at no interest, from the fund loan, and \$4,765,000.00 at interest rates ranging from 5.0% to 5.5% from the trust loan. The proceeds were used to fund the replacement of the City's water treatment plant. Semiannual debt payments are due February 1st and August 1st through 2028.

On May 21, 2014, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$901,614.00, at no interest, from the fund loan, and \$295,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of water mains and automatic water meter reading system. Semiannual debt payments are due February 1st and August 1st through 2033.

In addition, on May 21, 2014, the City entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,005,218.00 with principal forgiveness of \$670,415.00 leaving a remaining balance of \$335,073.00, at no interest, from the fund loan, and \$330,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of sanitary sewer main systems. Semiannual debt payments are due February 1st and August 1st through 2033.

On May 26, 2016, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$338,377.00, at no interest, from the fund loan, and \$110,000.00 at interest rates ranging from 2.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of water mains. Semiannual debt payments are due February 1st and August 1st through 2035.

**Note 13: CAPITAL DEBT (CONT'D)****Water & Sewer Utility Debt - New Jersey Environmental Infrastructure Loans (Cont'd)**

In addition, on May 26, 2016, the City entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$452,626.00, at no interest, from the fund loan, and \$145,000.00 at interest rates ranging from 2.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of sanitary sewer main systems. Semiannual debt payments are due February 1st and August 1st through 2035.

On November 21, 2017, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$164,784.00 at no interest, from the fund loan, and \$55,000.00 at interest rates ranging from 2.125% to 5.000% from the trust loan. The proceeds were used to fund the removal and/or replacement of water mains and the looping of said water mains to Freedom Pier. Semiannual debt payments are due February 1st and August 1st through 2029.

In addition, on November 21, 2017, the City entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$136,874.00 at no interest, from the fund loan, and \$45,000.00 at interest rates ranging from 2.125% to 5.000% from the trust loan. The proceeds were used to fund the removal and/or replacement of sanitary sewer mains and relate appurtenances at Freedom Pier. Semiannual debt payments are due February 1st and August 1st through 2027.

On May 23, 2019, the City entered into a loan agreement with the New Jersey Infrastructure Bank to provide \$660,270.00 at no interest, from the fund loan, and \$215,000.00 at interest rates ranging from 2.000% to 5.000% from the trust loan. The proceeds were used to fund the removal and/or replacement of water meters. Semiannual debt payments are due February 1st and August 1st through 2038.

In addition, on May 23, 2019, the City entered into a second loan agreement with the New Jersey Infrastructure Bank to provide \$399,019.00 at no interest, from the fund loan, and \$135,000.00 at interest rates ranging from 2.00% to 5.00% from the trust loan. The proceeds were used to fund the various improvements to sanitary sewer system. Semiannual debt payments are due February 1st and August 1st through 2038.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 756,074.37	\$ 101,657.54	\$ 857,731.91
2025	782,501.61	84,657.54	867,159.15
2026	795,598.01	67,007.54	862,605.55
2027	810,242.60	50,202.54	860,445.14
2028	809,657.09	33,040.04	842,697.13
2029-2033	967,878.60	58,450.10	1,026,328.70
2034-2038	434,311.09	13,050.00	447,361.09
Totals	<u>\$ 5,356,263.37</u>	<u>\$ 408,065.30</u>	<u>\$ 5,764,328.67</u>

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 9,884,577.93	\$ 10,691,753.53	\$ 11,558,952.58
Water & Sewer Utility:			
Bonds, Loans and Notes	11,041,263.37	12,050,951.48	13,081,298.84
Total Issued	<u>20,925,841.30</u>	<u>22,742,705.01</u>	<u>24,640,251.42</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	5,305,793.74	3,880,793.74	2,752,593.74
Water & Sewer Utility:			
Bonds, Loans and Notes	3,300,971.88	1,575,971.88	275,971.88
Total Authorized but not Issued	<u>8,606,765.62</u>	<u>5,456,765.62</u>	<u>3,028,565.62</u>
Total Issued and Authorized but not Issued	<u>29,532,606.92</u>	<u>28,199,470.63</u>	<u>27,668,817.04</u>
<b><u>Deductions</u></b>			
General:			
Reserve for Payment of Bonds Excess Proceeds from Issuance of Bonds and Notes	128,950.00	488,950.00	643,376.02
Other Reserves to Pay Debt	154,426.02	154,426.02	
Water & Sewer Utility:			
Self-Liquidating	14,342,235.25	12,952,550.28	13,357,270.72
Total Deductions	<u>14,625,611.27</u>	<u>13,595,926.30</u>	<u>14,000,646.74</u>
<b>Net Debt</b>	<u>\$ 14,906,995.65</u>	<u>\$ 14,603,544.33</u>	<u>\$ 13,668,170.30</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 2.266%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 410,000.00	\$ 410,000.00	
Self-Liquidating	14,342,235.25	14,342,235.25	
General	15,190,371.67	283,376.02	\$ 14,906,995.65
	<u>\$ 29,942,606.92</u>	<u>\$ 15,035,611.27</u>	<u>\$ 14,906,995.65</u>

Net debt \$14,906,995.65 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$657,812,613.00, equals 2.266%

**Note 13: CAPITAL DEBT (CONT'D)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$	23,023,441.46
Less: Net Debt		<u>14,906,995.65</u>
Remaining Borrowing Power	\$	<u><u>8,116,445.81</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		\$	5,532,667.03
Deductions:			
Operating and Maintenance Costs	\$	3,378,000.00	
Debt Service		<u>1,280,735.56</u>	
Total Deductions			<u>4,658,735.56</u>
Excess in Revenue		\$	<u><u>873,931.47</u></u>

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2023</u>	<u>2024 Budget Appropriation</u>
Water & Sewer Utility Fund:		
Overexpenditure Appropriation	\$ 64,777.05	\$ 64,777.05

The appropriation in the 2024 Budget as adopted is not less than that required by the statutes.

**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.

**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 the activity and the ending balance of the City's trust fund for the current and previous two years:

<u>Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 5,000.00	\$ 15,115.48	\$ 544.15	\$ 27,783.62	\$ 15,867.51
2022		14,902.52	126.33		22,991.50
2021		14,070.91	8.49	7,737.69	7,962.65

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

Workers' Compensation including Employer's Liability  
General Liability including Police Professional and Employee Benefit Liability  
Automobile Liability  
Blanket Crime including Public Employee Dishonesty  
Property Including Boiler and Machinery  
Public Officials and Employment Practices Liability  
Volunteer Directors and Officers Liability  
Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation  
Excess General Liability  
Non-Owned Aircraft Liability  
Excess Auto Liability  
Fidelity and Performance (Blanket)  
Excess Property including Boiler and Machinery  
Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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 for the year ended December 31, 2023, which can be obtained from:

Camden County Municipal Joint Insurance Fund  
PERMA, Inc.  
Park 80 West – Plaza One  
Saddle Brook, New Jersey 07662

**Liability Insurance** - The City maintains commercial insurance coverage for various other types of risk.

**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**

The City enters into property tax abatement agreements with various local businesses, residential properties and Not for Profit entities, under several New Jersey Statutes that permit the City to enter into these agreements. The tax abatements are considered long term tax exemptions and their types of abatements vary between entities but include affordable housing and commercial/industrial properties.

For the year ended December 31, 2023, the City abated \$1,601,392.35 in local purpose taxes and received in the aggregate of \$1,104,195.13 in lieu of local purpose taxes. The following is a recapitulation of the total amount of taxes abated under the four aforementioned tax abatement programs:

<b><u>Tax Abatement</u></b>	<b><u>Amount of Taxes Abated</u></b>
Holt Hauling & Warehousing Systems	\$ 755,433.00
Gloucester Elderly Housing Association	188,398.60
Gloucester City Housing Authority	435,761.51
Riverpointe Holdings LLC	221,799.24
	<u>\$ 1,601,392.35</u>

**Note 19: SUBSEQUENT EVENTS**

**Authorization of Debt** - Subsequent to December 31, the City authorized additional bonds and notes as follows:

<b><u>Purpose - Authorization of Bonds</u></b>	<b><u>Adoption</u></b>	<b><u>Authorization</u></b>
<b>General Improvements</b>		
Acquisition of Real Property and Improvements	4/22/2024	\$ 522,500.00
Various Capital Improvements and Equipment	6/24/2024	\$ 589,000.00
Various Capital Improvements and Equipment	9/23/2024	\$ 313,500.00
Acquisition of Equipment and Various Improvements To The Sewer and Water Utility Systems	9/23/2024	\$ 6,000,000.00

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**



# PARKER McCAY

**Parker McCay P.A.**  
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May \_\_, 2025

Mayor and Common Council  
of the City of Gloucester City  
512 Monmouth Street  
Gloucester City, New Jersey

**RE: \$4,842,000 CITY OF GLOUCESTER CITY, COUNTY OF CAMDEN, NEW  
JERSEY, BOND ANTICIPATION NOTES OF 2025, SERIES A**

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Mayor and Common Council Members:

We have served as Bond Counsel to the City of Gloucester City, County of Camden, New Jersey ("City"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes"). The Notes consist of: (i) \$2,525,000 principal amount of General Improvement Notes; and (ii) \$2,317,000 principal amount of Water and Sewer Utility Notes.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 09-2007, 19-2022, 20-2022, 21-2023, 22-2023, 09-2024, 16-2024, 22-2024, and 23-2024 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Mayor and Common Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on April 30, 2025 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are dated May 14, 2025 and mature on May 13, 2026. The Notes are issued in [registered book-entry only] [bearer] form without coupons and are not subject to redemption prior to maturity.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, inter alia, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Award Certificate, the representations and covenants of the City given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes.

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Camden, New Jersey



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

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

1. The Notes are legal, valid and binding obligations of the City enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal of and interest on the Notes, the City has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the City without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

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

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit,



and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The City has designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

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

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

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

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

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

Very truly yours,

## **APPENDIX D**

### **FORM OF INFORMATION REPORTING UNDERTAKING AGREEMENT**

## INFORMATION REPORTING UNDERTAKING AGREEMENT

ISSUER: City of Gloucester City, County of Camden, New Jersey ("Issuer")

ISSUE: \$4,842,000 Bond Anticipation Notes of 2025, Series A  
(Non-Callable) ("Notes")

DATED: May 14, 2025

CUSIP: 379640\_\_\_\_

This Information Reporting Undertaking Agreement ("Agreement") is executed and delivered by the Issuer as of the date set forth below for the purpose of providing continuing disclosure with respect to the Issuer in order to comply with the provisions of Rule 15c2-12 ("Rule"), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time.

Section 1. (a) The Issuer, as an obligated person for purposes of and as defined in the Rule ("Obligated Person"), hereby agrees, in accordance with the provisions of the Rule, so long as any of the Notes are outstanding to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), through the internet facilities of the Electronic Municipal Market Access System ("EMMA")<sup>1</sup>, 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 (each a "National Repository") and any public or private repository or entity designated by the State of New Jersey as a state information repository for purpose of the Rule ("State Repository" and together with each National Repository, the "Repository" or "Repositories"), as applicable, notice of the occurrence of any of the following listed events (each a "Listed Event" or "Listed Events") with respect to the Notes:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. 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 Notes, or other material events affecting the tax status of the Notes;

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<sup>1</sup> An internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Notes, and other filers on behalf of such issuers shall upload certain information and notices to assist underwriters in complying with the Rule and to provide the general public with access thereto.



- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a financial obligation<sup>2</sup> of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall, within ten (10) business days of the occurrence of any of the Listed Events, report the event to the MSRB, through the internet facilities of EMMA, or any other Repositories, as applicable, pursuant to the provisions of Section 1(a) hereof. In determining the materiality of a Listed Event specified in subsections (a)(ii), (vii), (viii), (x), (xiii), (xiv) and (xv) of this Section 1, the Issuer may, but shall not be required to, rely conclusively on a written opinion of counsel expert in federal securities law acceptable to the Issuer.

**Section 2.** The Issuer reserves the right to terminate its obligation to provide notices of Listed Events, if material, as set forth above, if and when the Issuer no longer remains an Obligated Person with respect to the Notes within the meaning of the Rule. The Issuer will provide notice of such termination to the MSRB via the internet facilities of EMMA and the State Repository, if any.

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<sup>2</sup> The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Section 3. The Issuer agrees that its undertaking pursuant to the Rule set forth in Section 1 of this Agreement is intended to be for the benefit of the holders of the Notes and shall be enforceable by such Noteholders; provided that, the Noteholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder.

Section 4. This Agreement shall be governed by the laws of the State of New Jersey.

**IN WITNESS WHEREOF**, the Issuer has executed and delivered this Agreement as of this 14th day of May, 2025.

ISSUER:

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

By: \_\_\_\_\_

**JAMES V. DAVIS,  
Chief Financial Officer**