

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 11, 2024

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: See "RATINGS" herein

In the opinion of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the City ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) and the Notes (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under Section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Bonds and the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**CITY OF VENTNOR
IN THE COUNTY OF ATLANTIC,
STATE OF NEW JERSEY**

\$9,500,000*
GENERAL OBLIGATION BONDS, SERIES 2024

Consisting of:
\$4,500,000* General Improvement Bonds
\$5,000,000* Water & Sewer Utility Bonds

DATED: DATE OF DELIVERY
DUE: JULY 1, AS SHOWN ON THE
INSIDE FRONT COVER

CALLABLE

\$16,400,000
BOND ANTICIPATION NOTES

Consisting of:
\$13,400,000 General Improvement Notes
\$3,000,000 Water & Sewer Utility Notes

DATED: JULY 2, 2024
DUE: JULY 1, 2025

NON-CALLABLE

The \$9,500,000* General Obligation Bonds, Series 2024 (the "Bonds"), and the \$16,400,000 Bond Anticipation Notes (the "Notes" and together with the Bonds, the "Obligations") are general obligations of the City of Ventnor, in the County of Atlantic, State of New Jersey (the "City") and are secured by the full faith and credit of the City for the payment of principal thereof and interest thereon. The Bonds consist of: (i) \$4,500,000* General Improvement Bonds; and (ii) \$5,000,000* Water & Sewer Utility Bonds. The Notes consist of: (i) \$13,400,000 General Improvement Notes; and (ii) \$3,000,000 Water & Sewer Utility Notes. The Obligations, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the City for the payment of the principal thereof and the interest thereon without limitation as to rate or amount.

The Obligations will be issued in the form of one certificate for the aggregate principal amount thereof maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Obligations. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Obligations on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof, except that any bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. See "BOOK-ENTRY ONLY SYSTEM" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Obligations, payments of principal of and interest on the Obligations will be made to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will in turn remit such payments to the owners of beneficial interest in the Obligations.

Principal of the Bonds is payable on July 1 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable on January 1 and July 1, commencing July 1, 2025 in each year until maturity or prior redemption, as applicable. The Notes shall be dated and shall bear interest from July 2, 2024, payable at maturity on July 1, 2025 as set forth on the inside front cover. Interest on the Obligations is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are subject to redemption prior to their stated maturities as set forth herein. The Notes are not subject to redemption prior to their stated maturity.

The Obligations are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the City.

The Bonds, together with other available funds of the City, are being issued to: (i) refund, on a current basis, \$8,000,000 portion of prior bond anticipation notes of the City issued in the aggregate principal amount of \$15,875,000 on July 11, 2023 and maturing on July 10, 2024 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various capital and utility improvements and purposes in and by the City; (ii) permanently finance various utility improvements in the amount of \$1,500,000; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The Notes, together with other available funds of the City, are being issued to: (i) refund, on a current basis, \$7,875,000 portion of the Prior Notes; (ii) temporarily finance various utility improvements in the amount of \$8,525,000; and (iii) pay for the costs associated with the issuance and sale of the Notes.

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

The Obligations are offered when, as and if issued and subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the City, and certain other conditions described herein. Certain legal matters will be passed on for the City by its Solicitor, Nicole J. Curio, Esquire, of Blaney Donahue & Weinberg, P.C., Avalon, New Jersey. NW Financial Group, LLC, Hoboken, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Obligations. It is expected that the Obligations will be available for delivery through the facilities of DTC, New York, New York, on or about July 2, 2024.

*Preliminary, subject to change.

This is a Preliminary Official Statement "deemed final" by the City within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, as amended and supplemented (the "Rule") and is otherwise subject to change in accordance with applicable law. Upon the sale of the Bonds and Notes described herein, the City will deliver a final Official Statement in compliance with the Rule. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

\$9,500,000* GENERAL OBLIGATION BONDS, SERIES 2024

Consisting of:

\$4,500,000* General Improvement Bonds

\$5,000,000* Water & Sewer Utility Bonds

MATURITY SCHEDULE*, INTEREST RATES, YIELDS OR PRICES AND CUSIP**

<u>Year</u>	<u>General Improvement*</u>	<u>Water & Sewer Utility*</u>	<u>Total Principal Amount*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP**</u>
2025	\$275,000	\$275,000	\$550,000	%	%	
2026	325,000	325,000	650,000			
2027	350,000	350,000	700,000			
2028	375,000	375,000	750,000			
2029	400,000	400,000	800,000			
2030	425,000	425,000	850,000			
2031	450,000	450,000	900,000			
2032	450,000	450,000	900,000			
2033	450,000	450,000	900,000			
2034	450,000	475,000	925,000			
2035	550,000	475,000	1,025,000			
2036	--	550,000	550,000			

\$16,400,000 BOND ANTICIPATION NOTES

The Notes shall bear interest at the rate of ____% per annum (at a reoffering yield of ____%), which interest is payable on July 1, 2025. CUSIP**: _____

*Preliminary, subject to change.

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders and/or Noteholders only at the time of issuance of the Bonds and the Notes and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and 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 certain maturities of the Bonds and the Notes.

**CITY OF VENTNOR
IN THE COUNTY OF ATLANTIC
STATE OF NEW JERSEY**

MAYOR AND BOARD OF COMMISSIONERS

H. Timothy Kriebel, Mayor
Lance B. Landgraf, Jr., Commissioner
Maria Mento, Commissioner

CITY ADMINISTRATOR

Thomas Ciccarone

CHIEF FINANCIAL OFFICER

Amy Stover

CITY CLERK

Lisa Hand

CITY SOLICITOR

Nicole J. Curio, Esquire
Blaney Donahue & Weinberg, P.C.
Avalon, New Jersey

INDEPENDENT AUDITORS

Ford-Scott & Associates, L.L.C.
Ocean City, New Jersey

BOND COUNSEL

Archer & Greiner P.C.
Red Bank, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

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

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

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

In order to facilitate the distribution of the Obligations, the Bond Underwriter or the Note Underwriter may engage in transactions intended to stabilize the price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Obligations are offered to the public by the Bond Underwriter or the Note Underwriter and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the inside front cover page hereof. In addition, the Bond Underwriter or the Note Underwriter may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

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 Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The Bond Underwriter or the Note Underwriter have reviewed the information in this Official Statement in accordance with and as part of their respective responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Bond Underwriter or the Note Underwriter do not guaranty the accuracy or completeness of such information.

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**OFFICIAL STATEMENT
of
CITY OF VENTNOR
IN THE COUNTY OF ATLANTIC, STATE OF NEW JERSEY**

\$9,500,000* GENERAL OBLIGATION BONDS, SERIES 2024

Consisting of:

**\$4,500,000* General Improvement Bonds
\$5,000,000* Water & Sewer Utility Bonds**

AND

\$16,400,000 BOND ANTICIPATION NOTES

Consisting of:

**\$13,400,000 General Improvement Notes
\$3,000,000 Water & Sewer Utility Notes**

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of Ventnor (the "City"), in the County of Atlantic (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$9,500,000* General Obligation Bonds, Series 2024 (the "Bonds") and \$16,400,000 Bond Anticipation Notes (the "Notes," and together with the Bonds, the "Obligations"). The Bonds consist of: (i) \$4,500,000* General Improvement Bonds; and (ii) \$5,000,000* Water & Sewer Utility Bonds. The Notes consist of: (i) \$13,400,000 General Improvement Notes; and (ii) \$3,000,000 Water & Sewer Utility Notes. This Official Statement (the "Official Statement"), which includes the cover page and the Appendices attached hereto, has been authorized by the Board of Commissioners to be distributed in connection with the sale of the Obligations and has been executed by and on behalf of the City by the Chief Financial Officer.

This Official Statement contains specific information relating to the Obligations including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Obligations. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the City.

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

THE BONDS

General Description of the Bonds

The Bonds shall be dated the date of delivery and will mature on July 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from the date of delivery and shall be payable on each January 1 and July 1 (each, an "Interest Payment Date") in each year until maturity or earlier redemption, if applicable, commencing July 1, 2025, at the rates shown on the inside front cover page hereof. The Bonds are issuable as fully registered book-entry only bonds in the

* Preliminary, subject to change.

form of one certificate for each year of maturity of the Bonds in the aggregate principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000, except that any bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co., or any successor or assign, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. or any successor or assign, as nominee for DTC. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be credited to the participants of DTC as listed on the records of DTC as of the close of business on December 15 and June 15 (the "Record Dates" for the payment of interest on the Bonds). See "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

The Bonds of this issue maturing prior to July 1, 2032 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after July 1, 2032 are subject to redemption at the option of the City, in whole or in part, on any date on or after July 1, 2031 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Board of Commissioners on the dates set forth in the chart below and on the following page and published and approved as required by law, and by a resolution duly adopted by the Board of Commissioners on May 23, 2024 (the "Resolution").

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Bonds

The Bonds, together with other available funds of the City, are being issued to: (i) refund, on a current basis, \$8,000,000 portion of prior bond anticipation notes of the City issued in the aggregate principal

amount of \$15,875,000 on July 11, 2023 and maturing on July 10, 2024 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various capital and utility improvements and purposes in and by the City; (ii) permanently finance various utility improvements in the amount of \$1,500,000; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described in the following table by ordinance number, description and date of final adoption, and amount to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount Being Financed
2020-024	Various 2020 General Capital Improvements, Finally Adopted November 12, 2020	<u>\$4,500,000</u>
Total General Improvement Bonds:		<u>\$4,500,000</u>
2021-006	Various 2021 Water And Sewer Utility Improvements, Finally Adopted March 11, 2021	\$3,525,000
2022-017	Various 2022 Water And Sewer Utility Improvements, Finally Adopted October 13, 2022	<u>\$1,475,000</u>
Total Water & Sewer Utility Bonds		<u>\$5,000,000</u>

Payment of Bonds

As hereinafter stated, the Bonds are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

THE NOTES

General Description of the Notes

The Notes comprise an issue of general obligation bond anticipation notes of the City in the aggregate principal amount of \$16,400,000, which Notes are being issued in anticipation of the issuance of bonds.

The Notes shall be dated and shall bear interest from July 2, 2024 and shall mature on July 1, 2025. The Notes shall bear interest at the rate shown on the inside front cover hereof, which interest is payable at maturity on July 1, 2025. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes (the "Securities Depository"). Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, except that any bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

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 directly by the City as paying agent, or some other paying agent as may be designated by the City, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Notes is the responsibility of the DTC Participants (as hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

Authorization for the Issuance of the Notes

The Notes are authorized and are to be issued pursuant to the Local Bond Law. The Notes also are authorized by various bond ordinances of the City, set forth below, and the Resolution.

The bond ordinances included in the sale of the Notes were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Notes by the City.

Purpose of the Notes

The Notes, together with other available funds of the City, are being issued to: (i) refund, on a current basis, \$7,875,000 portion of the Prior Notes; (ii) temporarily finance various utility improvements in the amount of \$8,525,000; and (iii) pay for the costs associated with the issuance and sale of the Notes.

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described in the following table by ordinance number, description and date of final adoption, and amount to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount Being Financed
2020-024	Various 2020 General Capital Improvements, Finally Adopted November 12, 2020	\$2,200,000
2021-014	Various 2021 General Capital Improvements, Finally Adopted July 8, 2021	\$6,075,000
2022-018	Various 2022 General Capital Improvements, Finally Adopted October 13, 2022	\$2,600,000
2023-020	Various 2023 General Capital Improvements, Finally Adopted September 28, 2023	\$400,000
2024-013	Various 2023 General Capital Improvements, Finally Adopted May 9, 2024	<u>\$2,125,000</u>
	Total General Improvement Notes:	<u>\$13,400,000</u>
2023-016	Phase I of Lead Service Lines Replacement, Finally Adopted August 10, 2023	<u>\$3,000,000</u>
	Total Water & Sewer Utility Notes	<u>\$3,000,000</u>

Payment of Notes

As hereinafter stated, the Notes are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on the Notes without limitation as to rate or amount.

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "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 the Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Obligations 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 any hereafter designated paying agent, if any, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the City or a hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or a hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or a hereafter designated paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Bond or 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, Bond or 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.

THE CITY OR A HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

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 Obligations 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.

SECURITY AND SOURCE OF PAYMENT

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

The City is required by law to include the total amount of principal and interest on all of its general obligation indebtedness, such as the Obligations, for the current year in each annual budget unless provision has been made for payment of its general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Obligations may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein.

The Obligations are not a debt or obligation, legal, moral or otherwise, of the State, or any county, municipality or any political subdivision thereof, other than the City.

NO DEFAULT

The City has never defaulted in the payment of principal of, redemption premium, if any, and interest on any bonds or notes or other obligations of the City, nor are any payments of principal of or interest on the City's indebtedness past due.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The City has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of City debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The City is not required to submit the proposed incurrence of indebtedness to a public referendum.

The City, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Board of Commissioners and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters.

Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the City.

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

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the City are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the City) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the City, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

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, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, 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. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds or the local unit may issue such refunding bonds in accordance with the regulations promulgated by the Local Finance Board.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the City is permitted to authorize. The authorized bonded indebtedness of a City is limited by the Local Bond Law and other laws to an amount equal to three and one half percent (3½%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the City for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of

Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the City may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the City and that the 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 services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The City has not exceeded its debt limit.

DEBT INFORMATION OF THE CITY

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the City, the City must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the City Clerk. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the City's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the City conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet 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 only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the City does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the City, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the City's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the City shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year

preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the City may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the City for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

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

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the City to levy *ad valorem* taxes upon all taxable property within the boundaries of the City to pay debt service on bonds and notes, including the Obligations.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the City, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

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

Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

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

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts 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 the preceding fiscal year."

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

$$\begin{array}{rcl} \text{Total of Local, County,} & - & \text{Anticipated Revenues} \\ \text{and School Levies} & & \\ \hline & = & \text{Cash Required from Taxes to Support} \\ & & \text{Local Municipal Budget and Other Taxes} \\ & & \text{Amount to be} \\ \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Raised by} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years.

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

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant

licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (June 30) after the close of the City's fiscal year (December 31), and includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the City Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the City Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from accounting principals generally accepted in the United States of America.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the City, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the City must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Solicitor (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX MATTERS

Exclusion of Interest on the Bonds and Notes From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the City to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Obligations. The City will make certain representations in its tax certificate, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the tax certificate and will assume continuing compliance by the City with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the City observes its covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the City, is of the opinion that, under existing law, interest on the Obligations is not includable for Federal income tax purposes in the gross income of the owners of the Obligations pursuant to Section 103 of the Code. Interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Obligations is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Obligations from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Obligations ends with the issuance of the Obligations, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Obligations regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Obligations, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Obligations will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Obligations for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Obligations.

Payments of interest on tax-exempt obligations, including the Obligations, are generally subject to IRS Form 1099-INT information reporting requirements. If a Obligation owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Additional Federal Income Tax Consequences of Holding the Bonds and the Notes

Prospective purchasers of the Obligations should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Obligations, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Obligations from gross income pursuant to Section 103 of the Code and interest on the Obligations not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

Changes in Federal Tax Law Regarding the Bonds or the Notes

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Obligations or the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds or Notes will not have an adverse effect on the tax status of interest on the Bonds or the Notes or the market value or marketability of the Bonds or the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest, if applicable, on the Bonds or Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation for the Bonds and the Notes

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

ADDITIONALLY, EACH PURCHASER OF THE BONDS OR THE NOTES SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR LITIGATION.

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

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds or the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds or Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to

the effect, if any, on the tax status of the interest on the Bonds or the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

See Appendix D for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

ALL POTENTIAL PURCHASERS OF THE BONDS OR THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS OR THE NOTES.

LITIGATION

To the knowledge of the City's Solicitor, Nicole J. Curio, Esquire, of Blaney Donahue & Weinberg, P.C., Avalon, New Jersey (the "Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes to pay the principal of or the interest on the Obligations, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the City if adversely decided. A Certificate to such effect will be executed by the Solicitor and delivered to the Underwriters (as hereinafter defined) at closing.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Obligations are subject to the approval of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the City, whose approving legal opinions will be delivered with the Bonds and the Notes substantially in the forms set forth as Appendix C and Appendix D hereto. Certain legal matters will be passed on for the City by its Solicitor.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to 11 U.S.C. § 101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the City, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

The City has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the City expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Obligations, or that the Bankruptcy Code could not be amended after the date hereof.

SECONDARY MARKET DISCLOSURE FOR THE BONDS

The City has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the City annually and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Bond Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix E attached hereto. Such Bond Disclosure Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB"). This covenant is being made by the City to assist the purchaser of the Bonds in complying with the Rule.

Within the five years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, (a) operating data for the fiscal year ending December 31, 2018; and (b) operating data for the School District for the fiscal year ending December 31, 2018. In addition, the City failed to uniformly upload a bond insurer upgrade in March 2014 to all applicable CUSIPs for outstanding City bond issues for which the City has secondary market disclosure obligations.

By way of clarification, since 2010, information as to the ten largest non-governmental employers in the City has not been included in the City's annual filings as such information was not considered to be general financial information or operating data of the City. In lieu thereof, the City has included in its annual reports information on the top ten employers on a County-wide basis.

The City acknowledges that it previously failed to file event notices and late filing notices in connection with: (i) its timely filings of annual operating data; (ii) annual audited financial statement; and (iii) certain rating changes. Such notices of events and late filings have been filed with EMMA as of the date of this Official Statement. The City appointed NW Financial Group, LLC to serve as continuing disclosure agent. The City appointed NW Financial Group, LLC to serve as continuing disclosure agent.

SECONDARY MARKET DISCLOSURE FOR THE NOTES

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the City with the Municipal Securities Rulemaking Board and with a state

information depository, if any. The specific nature of the Notices will be detailed in a certificate (the “Note Certificate”) to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix F hereto, such Note Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the City to assist the purchaser of the Notes in complying with the Rule.

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, moneys or other funds belonging to them or within their control in any bonds of the City, including the Obligations, and such Obligations are authorized security for any and all public deposits.

UNDERWRITING

The Bonds have been purchased from the City at a public sale for resale by _____ (the “Bond Underwriter”), at a purchase price of \$_____. The purchase price of the Bonds reflects the par amount of the Bonds equal to \$9,500,000.00; minus a Bond Underwriter’s discount of \$_____, plus an original issue premium in the amount of \$_____.

The Notes have been purchased from the City at a public sale for resale by _____ (the “Note Underwriter”), at a purchase price of \$_____. The purchase price of the Notes reflects the par amount of the Notes equal to \$16,400,000.00; minus a Note Underwriter’s discount of \$_____, plus an original issue premium in the amount of \$_____.

RATINGS

S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P” or the “Rating Agency”) has assigned the Bonds the rating of “AA” and assigned the Notes a rating of “SP-1+” based upon the creditworthiness of the City.

An explanation of the significance of the ratings on the Bonds and the Notes may be obtained from S&P at 55 Water Street, New York, New York 10041. Such ratings reflect only the views of such S&P, and an explanation of the significance of the ratings may be obtained from such S&P. There is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by such S&P, if in the judgment of such S&P, circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds or the Notes. Except as set forth in the Bond Certificate and the Note Certificate, respectively, the City has not agreed to take any action with respect to any proposed rating change or to bring such rating change, if any, to the attention of the owners of the Bonds or the Notes.

FINANCIAL STATEMENTS

The financial statements of the City as of December 31, 2023 and 2022 have been prepared by Ford-Scott & Associates, L.L.C., Ocean City, New Jersey (the “Auditor”). Accordingly, the Auditor takes responsibility for their Accountant’s Compilation Report and Independent Auditor’s Report appearing and set forth in Appendix B attached hereto.

COVID-19 DISCLOSURE

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March

13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to state and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. 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. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the City have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the City's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The City has received \$1,035,695.35 from the Plan. The City utilized some of the funding to continue COVID-19 testing, vaccinations, contact tracing and mitigation efforts, food distributions, replacement of lost City revenue and assisting small businesses and disproportionately impacted communities. The additional uses of the funds are still to be determined.

PREPARATION OF OFFICIAL STATEMENT

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

The Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

Archer & Greiner P.C., has not participated in the preparation of the financial or statistical information in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the City of Ventnor, 6201 Atlantic Avenue, Ventnor, New Jersey, Amy Stover, Chief Financial Officer, (609) 823-7900.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Obligations. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the City since the date thereof.

The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

CITY OF VENTNOR,
IN THE COUNTY OF ATLANTIC,
STATE OF NEW JERSEY

/s/ _____
Amy Stover
Chief Financial Officer

Dated: June ____, 2024

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APPENDIX A

**CERTAIN GENERAL INFORMATION CONCERNING
THE CITY OF VENTNOR,
IN THE COUNTY OF ATLANTIC, STATE OF NEW JERSEY**

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INFORMATION REGARDING THE CITY

The following material presents certain economic and demographic information of the City.

General Information and Local Government

The City of Ventnor City, County of Atlantic, New Jersey ("City"), is a well-developed residential community on Absecon Island. The island runs north and south and is comprised of Atlantic City on the north end and, proceeding south, Margate City and Longport Borough. The City itself comprises two square miles. Its eastern boundary is a 1.78 mile-long beach fronting on the Atlantic Ocean. The City is 1.4 miles wide at its widest point.

The City was incorporated in 1903 and is governed by a three-member Board of Commissioners ("Board") elected at-large for four-year terms. The Mayor is elected by the Board from among their members. Each member of the Board is responsible for a certain function of the government and serves as a director. The functions are: Public Affairs and Safety, Public Works, Parks and Public Property and Revenue and Finance.

The Board exercises the legislative power of the City by adopting ordinances and resolutions. In addition, the Board is responsible for the approval of the City budget, the establishment of financial controls and setting of all salaries of elective and appointive officers and employees. The Board has appointed an administrator who tends to the day-to-day operations of the City and reports directly to the Board.

Despite the City's location along the seacoast, it is not wholly a resort community, but rather includes year-round and summer dwellings. Few motels are located in the City and virtually no facilities exist which are typically associated with shore towns dependent on revenues from vacationing visitors.

Retirement Systems

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

Pension Information¹

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.

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

Building Permits

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2023	851	\$33,236,068
2022	830	\$36,397,778
2021	622	\$33,710,186
2020	565	\$24,699,773
2019	533	\$25,157,424

City Employees

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Permanent	158	159	160	162	162
Part-Time/Seasonal	138	136	104	137	133
TOTAL	296	295	264	299	295

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the City, the County, and the State of New Jersey:

<u>City</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2023	4,571	4,353	218	4.8%
2022	4,517	4,338	179	4.0%
2021	4,521	4,110	411	9.1%
2020	5,927	5,295	592	10.7%
2019	4,925	4,639	286	5.7%
<u>County</u>				
2023	124,235	116,946	7,289	5.9%
2022	122,846	116,536	6,310	5.1%
2021	122,443	110,426	12,017	9.8%
2020	120,174	101,962	18,212	15.2%
2019	129,000	123,600	5,400	5.4%
<u>State</u>				
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,739,800	4,564,100	175,700	3.7%
2021	4,661,100	4,357,200	308,900	6.6%
2020	4,451,315	4,111,650	339,665	7.6%
2019	4,554,700	4,218,100	161,255	3.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2022)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$71,321	\$73,113	\$97,126
Median Family Income	86,011	94,636	117,988
Per Capita Income	48,344	39,699	50,995

Source: U.S. Census Bureau, 2018-2022 American Community Survey – 5 Year Estimates

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
2020	9,210	-13.5%	274,534	-0.01%	9,288,994	5.65%
2010	10,650	-17.5%	274,549	8.71%	8,791,894	4.49%
2000	12,910	17.3%	525,552	12.6%	8,414,350	8.9%
1990	11,005	-6.0%	224,327	15.6%	7,730,188	5.0%
1980	11,704	12.7%	194,119	10.9%	7,365,001	2.8%
1970	10,385	19.5%	175,043	8.80%	7,168,164	18.15%

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the City and their assessed valuations are listed below:

<u>Taxpayer</u>	<u>2023 Assessed Valuation</u>	<u>% of Total Assessed</u>
Ventnor Plaza LLC	\$9,509,900	0.45%
Seascape LLC	5,044,000	0.24%
Owens, James J, and Janice A	4,908,200	0.23%
TJM Investments Holdings LLC	3,600,800	0.17%
Swain, Family TR & Family TR Dated	3,557,900	0.17%
111 South Cornwall Assoc. LLC	3,445,600	0.16%
Brodie, Stefan & Elizabeth	3,438,200	0.16%
Monopoly Property Holdings LLC	3,363,200	0.16%
5312 Atlantic LLC	3,267,200	0.15%
Santucket LLC	3,255,900	0.15%
Total	\$43,390,900	2.04%

Source: Municipal Tax Assessor

The Casino-Hotel Employment in the County

<u>Name</u>	<u>Number of Employees</u>
Bally's Park Place	1,063
Borgata	3,333
Caesars	2,004
Golden Nugget	1,010
Hard Rock	2,495
Harrah's	1,718
Ocean Resort	2,410
Resorts	1,171
Tropicana	1,455

Source: New Jersey Division of Gaming Enforcement and New Jersey Casino Control Commission - As of April 2024

The County's largest private employers excluding casinos

<u>Employers</u>	<u>Business</u>	<u>Number of Employees</u>
Atlanticare Health Care System	Healthcare	6,000
Spencer Gifts	Retail	26,000

Source: City of Ventnor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year Percentage of Collection</u>
2023	\$57,380,053	\$56,449,530	98.38%
2022	54,264,226	53,135,802	97.92%
2021	54,084,568	52,961,059	97.92%
2020	53,211,394	52,209,329	98.12%
2019	52,708,915	51,566,302	97.83%

Source: 2023 Audited Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2023	0	\$976,900	\$976,900	1.70%
2022	0	1,226,066	1,266,026	2.26%
2021	0	1,105,283	1,105,283	2.04%
2020	0	1,058,335	1,058,335	1.99%
2019	0	1,102,365	1,102,365	2.17%

Source: 2023 Audited Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2023(U)	\$267,200
2022	267,200
2021	267,200
2020	267,200
2019	267,200

Source: 2023 Unaudited Annual Financial Statement

Tax Rates per \$100 of Net Valuations Taxable and Allocations

<u>Year</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>	<u>Total Taxes</u>
2023	1.223	0.599	0.889	2.661
2022	1.146	0.569	0.857	2.572
2021	1.135	0.560	0.893	2.588
2020	1.135	0.562	0.894	2.591
2019	1.118	0.590	0.877	2.585

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Aggregate True Value of Real Property</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2023	\$2,133,379,000	66.22%	\$3,221,654,938	-	\$3,221,654,938
2022	2,095,551,980	82.80%	2,530,859,879	-	2,530,859,879
2021	2,065,456,800	91.83%	2,249,217,903	-	2,249,217,903
2020	2,041,541,000	95.38%	2,135,860,194	-	2,135,860,194
2019	2,028,525,300	95.38%	2,126,782,659	-	2,126,782,659

Source: Annual Audit Reports of the City of Ventnor

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the City for the past five (5) years.

<u>Year</u>	<u>Vacant</u>						<u>Total</u>
	<u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	
2023	\$27,322,600	\$2,019,296,700	-	\$69,508,100	\$1,428,400	\$15,824,100	\$2,133,379,900
2022	32,985,180	1,976,226,100	-	68,756,300	1,428,400	16,156,000	2,095,551,980
2021	33,367,300	1,940,341,300	-	74,163,800	1,428,400	16,156,000	2,065,456,800
2020	35,915,000	1,914,392,400	-	73,750,200	1,428,400	16,055,000	2,041,541,000
2019	37,284,100	1,912,766,200	-	74,391,400	1,428,400	16,352,400	2,028,525,300

Source: NJ Abstract of Ratables

City Indebtedness as of December 31, 2023

General Purpose Debt

Serial Bonds	\$18,580,000.00
Bond Anticipation Notes	12,375,000.00
Bonds and Notes Authorized but Not Issued	9,438,159.00
Other Bonds, Notes, and Loans	<u>1,662,698.95</u>
Total:	\$42,055,857.95

Local School District Debt

Serial Bonds	\$7,720,000.00
Temporary Notes Issued	
Bonds and Notes Authorized but Not Issued	<u>.00</u>
Total:	\$7,720,000.00

Self-Liquidating Debt

Serial Bonds	\$12,140,000.00
Bond Anticipation Notes	3,500,000.00
Bonds and Notes Authorized but Not Issued	25,442,467.00
Other Bonds, Notes and Loans	<u>2,585,200</u>
Total:	\$43,667,667.00

Total Gross Debt

	<u>\$93,443,524.95</u>
Less: Statutory Deductions	
General Purpose Debt	\$692,616.87
Local School District Debt	7,720,000.00
Self-Liquidating Debt	<u>43,667,667.00</u>
Total:	\$52,080,283.87

TOTAL NET DEBT

\$41,363,241.08

Source: 2023 Annual Debt Statement

Overlapping Debt as of December 31, 2023

<u>Name of Related Entity</u>	<u>Related Facility Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$7,720,000.00	100%	\$7,720,000.00
County	\$244,720,017.57	7.08%	<u>\$17,326,177.20</u>
Net Indirect Debt			\$17,326,177.20
Net Direct Debt			<u>\$41,363,241.08</u>
Total Net Indirect and Direct Debt			\$58,689,418.28

Debt Limit

Average Equalized Valuation Basis (2021, 2022, 2023)	\$2,667,244,240.00
Permitted Debt Limitation (3 1/2%)	\$93,353,548.40
Less: Net Debt	<u>\$41,363,241.08</u>
Remaining Borrowing Power	<u>51,990,307.30</u>
Percentage of Net Debt to Average Equalized Valuation	1.551%
Gross Debt Per Capita based on 2020 population of 9,210	\$10,145.88
Net Debt Per Capita based on 2020 population of 9,210	\$4,491.13

Fund Balance

Current Fund

The following table lists the City’s fund balance and the amount utilized in the succeeding year’s budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023	\$8,872,408	\$4,000,000
2022	\$7,919,924	\$3,810,000
2021	7,554,190	3,400,000
2020	5,906,004	2,840,000
2019	5,265,340	2,700,000

Source: 2023 Audited Annual Financial Statement

Water and Sewer Utility Operating Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Water and Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding year</u>
2023	\$233,615	300,000
2022	336,327	559,222
2021	691,797	259,611
2020	325,482	1,000,000
2019	1,078,240	798,079
2018	1,552,705	600,000

Source: Annual Audit Reports of the City

Current Water/Sewer Collections

<u>Year</u>	<u>Receivable Balance</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>
2023	\$747,883	\$6,339,680	\$6,340,402	100.00%	\$747,160	11.79%
2022	771,440	5,934,665	5,958,223	100.00%	747,882	12.60%
2021	950,153	6,046,077	6,224,790	100.00%	771,440	12.76%
2020	634,237	5,377,935	5,062,019	94.13%	950,153	17.67%
2019	733,700	5,207,000	5,205,870	99.90%	634,237	12.19%

Financial Operations

The following table summarizes the City's Current Fund budget for the past five (5) fiscal years ending December 31. The summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus Anticipated	2,700,000	2,840,000	3,400,000	3,810,000	4,000,000
Miscellaneous Revenues	3,353,457	4,353,794	6,637,410	5,400,486	4,543,892
Receipts from Delinquent Taxes	999,600	996,000	1,027,140	1,050,000	920,000
5Amount to be Raised by Taxes for Support of Municipal Budget	24,556,707	24,821,012	26,676,997	27,360,135	28,310,327
Total Revenue	31,609,764	33,010,806	37,741,547	37,620,621	37,774,220
Appropriations					
General Appropriations	25,194,633	25,671,930	26,322,401	28,304,649	29,815,363
Operations	88,745	674,532	2,918,623	2,115,098	123,737
Capital Improvements	100,000	200,000	200,000	300,000	380,000
Municipal Debt Service	2,474,515	2,814,562	2,587,878	3,351,781	3,904,429
Total Deferred Charges	120,000	-	297,522	-	-
Judgements	-	-	-	-	-
Cash Deficit	-	-	-	-	-
Local District School Purposes	1,372,300	1,374,600	1,256,200	1,270,688	1,264,888
Transferred to BOE	-	-	-	-	-
Reserve for Uncollected Taxes	2,259,570	2,275,182	2,241,565	2,278,405	2,285,803
Total General Appropriations	31,609,764	33,010,806	35,824,189	37,620,621	37,774,220

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023 AND 2022**

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Commission
City of Ventnor City
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Ventnor City, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Ventnor City as of December 31, 2023 and 2022, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2023 and 2022, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Ventnor 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 U.S. Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Ventnor City on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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 of Ventnor 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 Responsibility 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services 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 an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement 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 the 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 of Ventnor 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 judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Ventnor City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ventnor City's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of the City of Ventnor City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ventnor City's internal control over financial reporting and compliance.

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 21, 2024

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 18,076,468.81	11,788,866.65
Cash - Change	130.00	130.00
Total Cash	<u>18,076,598.81</u>	<u>11,788,996.65</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	23,518.92	22,176.45
Total Other Receivables	<u>23,518.92</u>	<u>22,176.45</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	976,900.30	1,226,066.44
Property Acquired for Taxes - at Assessed Valuation	267,200.00	267,200.00
Revenue Accounts Receivable	11,600.28	15,316.22
Demolition Lien Receivable	39,495.19	39,495.19
Due from Local School District	869.13	80,968.13
Interfund Receivable:		
Animal Control Fund	9,741.20	6,640.80
Trust - Other	712.26	622.26
Water and Sewer Utility Operating	314,945.27	314,945.27
Total Receivables and Other Assets	<u>1,621,463.63</u>	<u>1,951,254.31</u>
Deferred Charges:		
None	-	-
Total Deferred Charges	<u>-</u>	<u>-</u>
Total Regular Fund	<u>19,721,581.36</u>	<u>13,762,427.41</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	5,294,335.51	4,291,249.23
Due from Current Fund	586,388.62	390,153.23
Due from Utility Operating	517,847.68	517,847.68
Total Federal and State Grant Fund	<u>6,398,571.81</u>	<u>5,199,250.14</u>
Total Current Fund	<u>\$ 26,120,153.17</u>	<u>18,961,677.55</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,780,522.57	1,137,645.21
Reserve for Encumbrances	474,403.90	564,037.07
Accounts Payable	188,392.64	42,513.06
Prepaid Taxes	1,243,157.65	1,156,906.75
Overpaid Taxes	27,185.84	63,298.91
County Added Tax Payable	137,367.72	81,078.37
Due to State:		
Marriage Licenses Fees	325.00	125.00
State Training Fees	9,646.00	5,748.00
Interfund Payable:		
Federal and State Grant Fund	586,388.62	390,153.23
General Capital Fund	4,547,522.47	297,522.47
Other		
Reserve for Municipal Property Tax Relief	63,430.02	31,721.47
Reserve for Payroll Deductions	0.71	0.71
Reserve for Donations - Sponsorships	11,263.35	-
Reserve for Judgements	42,500.00	42,500.00
Reserve for Revaluation	115,603.00	115,603.00
	9,227,709.49	3,928,853.25
Reserve for Receivables and Other Assets	1,621,463.63	1,951,254.31
Fund Balance	8,872,408.24	7,882,319.85
Total Regular Fund	19,721,581.36	13,762,427.41
Federal and State Grant Fund:		
Unappropriated Reserves	534,296.63	543,954.44
Appropriated Reserves	5,400,928.37	4,649,379.93
Encumbrances Payable	463,346.81	5,915.77
	6,398,571.81	5,199,250.14
Total Federal and State Grant Fund	6,398,571.81	5,199,250.14
Total Current Fund	\$ 26,120,153.17	18,961,677.55

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

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 3,810,000.00	3,400,000.00
Miscellaneous Revenue Anticipated	6,306,425.18	6,716,442.90
Receipts from Delinquent Taxes	1,200,604.46	1,027,140.02
Receipts from Current Taxes	56,449,529.73	53,135,802.05
Non Budget Revenue	645,326.67	311,110.40
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,212,145.74	1,336,075.05
Interfunds Returned	80,099.00	2,379.25
Total Income	69,704,130.78	65,928,949.67
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	14,819,133.90	14,023,280.52
Other Expenses	9,062,928.21	8,390,009.32
Deferred Charges & Statutory Expenditures	4,422,587.19	3,909,111.52
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	41,900.00	41,900.00
Other Expenses	2,073,198.34	2,953,948.75
Capital Improvements	300,000.00	200,000.00
Debt Service	3,351,468.12	2,348,378.87
Deferred Charges	-	297,522.47
Type I School Debt Service	1,070,687.50	1,056,200.00
Deferred Charges - Local School	200,000.00	200,000.00
Local District School Tax	16,622,500.00	16,702,599.00
County Tax	12,770,693.90	11,916,692.53
County Share of Added Tax	137,367.72	81,078.37
Interfunds Created	90.00	80,098.92
Refunds of Prior Year Revenue	31,487.51	-
Total Expenditures	64,904,042.39	62,200,820.27
Excess/(Deficit) in Revenue	4,800,088.39	3,728,129.40

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

	2023	2022
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Total Adjustments	-	-
Statutory Excess to Fund Balance	4,800,088.39	3,728,129.40
Fund Balance January 1	7,882,319.85	7,554,190.45
	12,682,408.24	11,282,319.85
Decreased by:		
Utilization as Anticipated Revenue	3,810,000.00	3,400,000.00
Fund Balance December 31	\$ 8,872,408.24	7,882,319.85

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,810,000.00		3,810,000.00	-
Total Fund Balance Anticipated	<u>3,810,000.00</u>	<u>-</u>	<u>3,810,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	5,000.00		8,695.60	3,695.60
Other	17,000.00		18,127.20	1,127.20
Fees and Permits	300,000.00		358,226.43	58,226.43
Fines and Costs:				
Municipal Court	130,000.00		186,131.13	56,131.13
Interest and Costs on Taxes	200,000.00		257,017.87	57,017.87
Parking Meters	140,000.00		147,803.87	7,803.87
Interest Earned on Investments	80,000.00		564,195.20	484,195.20
Beach Control Fees	360,000.00		428,273.97	68,273.97
Land Rental	80,000.00		91,502.00	11,502.00
Payment in Lieu of Taxes	120,000.00		130,008.00	10,008.00
Cable Television Franchise Fees	60,000.00		63,288.03	3,288.03
City Lease Fees	50,000.00		55,188.16	5,188.16
Ambulance Service Fees	275,000.00		257,408.50	(17,591.50)
Recreation Fees	40,000.00		107,441.10	67,441.10
Total Section A: Local Revenues	<u>1,857,000.00</u>	<u>-</u>	<u>2,673,307.06</u>	<u>816,307.06</u>

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	612,315.00		0.48
Municipal Relief Fund	31,721.00		-
Total Section B: State Aid Without Offsetting Appropriations	644,036.00	-	0.48
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	330,000.00		87,131.00
Total Section C: Uniform Construction Code Fees	330,000.00	-	87,131.00
Section D: Special Items - Interlocal Municipal Service Agreements Offset with Appropriations			
Borough of Longport - Uniform Construction Code Office	44,150.00		2,500.00
Total Section D: Special Items of General Revenue Anticipated	44,150.00	-	2,500.00
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	8,510.82	6,248.76	14,759.58
Body Armor Replacement Fund	4,241.09	2,931.55	7,172.64
Local Area Recreation Grant	50,000.00		50,000.00
Bulletproof Vest	94.49		94.49
Housing Inspections	23,125.00		23,125.00
Clean Communities		37,678.93	37,678.93
Atlantic County DWI Checkpoint	1,080.00	4,620.00	5,700.00
South Jersey Transportation Planning Organization			
CMAQ-Ventnor Avenue Signal Synchronization		1,640,000.00	1,640,000.00
Click It or Ticket		4,200.00	4,200.00
Distracted Driving	4,200.00		4,200.00

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Drive Sober - Labor Day		5,250.00	-
Drive Sober - Year End Holiday		7,000.00	-
NJ Department of Environmental Protection Stormwater Assistance Grant		15,000.00	-
NJ Department of Law & Public Safety 2023 Summer Pedestrian Awareness Campaign		1,120.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	91,251.40	1,724,049.24	-
Section G: Other Special Items			
Utility Fund Expense Allocation	410,000.00		-
Reserve for Payment of Debt	300,000.00		-
Total Section G: Other Special Items	710,000.00	-	-
Total Miscellaneous Revenues:	3,676,437.40	1,724,049.24	905,938.54
Receipts from Delinquent Taxes	1,050,000.00		150,604.46
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	26,089,447.00		1,837,238.99
Amount for Local District Tax	1,270,687.50		-
Total Amount to be Raised by Taxes for Support of Municipal Budget	27,360,134.50	-	1,837,238.99
Budget Totals	35,896,571.90	1,724,049.24	2,893,781.99
Non- Budget Revenues:			
Other Non- Budget Revenues:		645,326.67	645,326.67
\$	35,896,571.90	1,724,049.24	3,539,108.66

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections		\$ 56,449,529.73
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		<u>56,449,529.73</u>
Allocated to:		
School, County and Other Taxes		<u>29,530,561.62</u>
Balance for Support of Municipal Budget Appropriations		26,918,968.11
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>2,278,405.38</u>
Amount for Support of Municipal Budget Appropriations		<u><u>29,197,373.49</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ 1,200,604.46	
Tax Title Lien Collections	-	
Total Receipts from Delinquent Taxes		<u><u>1,200,604.46</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Lifeguards	4,520.00
City Clerk	415.00
Host Compliance	73,250.00
Sale of Municipal Assets	59,246.00
Banner Advertising	13,554.21
Miscellaneous Finance	11,713.36
Miscellaneous Collector & Assessor	75,601.04
Police	28,253.68
Community Champions	4,551.00
Fire	40,543.81
AT&T Settlement	75,000.00
Chargepoint Payment EV Chargers	587.13
Storm Reimbursements	61,009.00
Unclaimed Property State of NJ Claim	10,607.39
Jobs for Blue Administrative Refund	158,206.89
Recycling	1,078.35
Monsanto Co. Lawsuit Settlement	17,414.03
Atlantic City Electric Reimbursement	45.07
Trash Carts	4,425.00
Shared Services Agreement - Margate	3,550.00
Senior & Vets Admin Fee	1,043.15
Miscellaneous	<u>712.56</u>

Total Miscellaneous Revenue Not Anticipated:		<u><u>\$ 645,326.67</u></u>
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor's Office						
Salaries and Wages	\$ 95,383.90	95,383.90	94,542.06		841.84	
Other Expenses	7,300.00	7,300.00	5,839.55	58.97	1,401.48	
City Administrator						
Salaries and Wages	17,700.00	17,700.00	17,248.39		451.61	
Other Expenses	220,500.00	217,400.00	148,408.22	35,045.75	33,946.03	
Police						
Salaries and Wages	4,487,000.00	4,487,000.00	4,347,502.56		139,497.44	
Other Expenses	406,000.00	406,000.00	351,846.67	16,373.50	37,779.83	
Fire						
Salaries and Wages	5,110,000.00	5,110,000.00	4,999,069.41		110,930.59	
Other Expenses	136,300.00	136,300.00	97,592.33	21,510.27	17,197.40	
Uniform Fire Safety Act (P.L. 1983, C.383)						
Other Expenses	4,850.00	4,850.00	3,053.80	1,482.57	313.63	
Radio and Communications						
Salaries and Wages	624,000.00	624,000.00	610,731.26		13,268.74	
Other Expenses	7,000.00	7,000.00	3,842.39		3,157.61	
Office of Emergency Management						
Other Expenses	11,500.00	11,500.00	5,987.00		5,513.00	
Traffic and Electrical Division						
Salaries and Wages	84,250.00	84,250.00	78,816.48		5,433.52	
Other Expenses	41,000.00	21,000.00	11,402.30	6,093.29	3,504.41	
Beach Patrol						
Salaries and Wages	600,000.00	604,000.00	602,111.92		1,888.08	
Other Expenses	60,850.00	60,850.00	57,491.92	2,008.55	1,349.53	
Celebration of Public Events						
Other Expenses	45,000.00	25,000.00	23,527.52		1,472.48	
Beach Control						
Salaries and Wages	80,000.00	80,300.00	80,185.37		114.63	
Other Expenses	10,800.00	10,800.00	10,800.00		-	
Animal Control						
Other Expenses	8,400.00	8,400.00	7,700.00	700.00	-	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS, PARKS & PUBLIC PROPERTY						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-		
Street Repairs and Maintenance						
Salaries and Wages	725,000.00	735,000.00	720,027.46	14,972.54		
Other Expenses	72,000.00	27,000.00	13,474.33	4,219.51	9,306.16	
Motor Vehicle Maintenance						
Salaries and Wages	280,000.00	280,000.00	256,134.26	23,865.74		
Other Expenses	111,500.00	78,500.00	10,923.41	48,321.01		
Buildings and Grounds						
Salaries and Wages	400,000.00	400,000.00	356,320.77	41,159.75		
Other Expenses	465,500.00	355,500.00	271,796.50	18,531.77		
Recreation						
Salaries and Wages	305,000.00	265,500.00	264,711.92	788.08		
Other Expenses	142,400.00	90,500.00	84,021.20	3,385.71		
Solid Waste/Recycling						
Salaries and Wages	156,000.00	156,000.00	147,045.33	8,954.67		
Other Expenses	1,252,200.00	1,337,200.00	1,295,345.24	34,786.88		
City Engineer						
Other Expenses	300,000.00	210,700.00	27,410.00	183,290.00		
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-		
City Clerk						
Salaries and Wages	153,000.00	153,000.00	151,684.66	1,315.34		
Other Expenses	43,990.00	43,990.00	32,843.91	8,297.50		
Revision and Codification of Ordinances						
Elections	15,000.00	15,000.00	689.31	14,310.69		
Other Expenses	22,000.00	22,000.00	8,476.53	13,523.47		
Financial Administration						
Salaries and Wages	342,000.00	342,000.00	286,930.02	54,421.98		
Other Expenses	93,800.00	93,800.00	67,671.96	12,128.04		
Audit Fee						
Other Expenses	51,200.00	51,200.00	44,800.00	6,400.00		

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Information Technology						
Salaries and Wages	82,000.00	84,500.00	84,500.00			
Other Expenses	565,553.32	565,553.32	455,492.85	103,983.51	6,076.96	
Collection of Taxes						
Salaries and Wages	129,000.00	129,000.00	128,109.55	99.98	890.45	
Other Expenses	13,400.00	13,400.00	13,104.57		195.45	
Assessment of Taxes						
Salaries and Wages	92,500.00	92,500.00	91,407.59		1,092.41	
Other Expenses	19,500.00	19,500.00	13,818.12	5,344.00	337.88	
Legal Services and Costs						
Other Expenses	350,000.00	350,000.00	223,061.46	101,576.04	25,362.50	
Insurance						
General Liability	251,268.00	251,268.00	224,092.58	25,973.84	1,201.58	
Workers Compensation	745,990.00	745,990.00	745,224.20		765.80	
Employee Group Health	2,066,480.00	2,066,480.00	1,997,531.65	17,198.00	51,750.35	
Health Waiver	87,000.00	87,000.00	86,660.79		339.21	
Municipal Land Use Law (N.J.S.A. 40:55 D-1)						
Planning Board						
Salaries and Wages	34,000.00	34,000.00	11,794.99		22,205.01	
Other Expenses	30,400.00	31,400.00	30,391.13	920.08	88.79	
Municipal Court						
Contractual	285,000.00	285,000.00	269,436.18		15,563.82	
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	460,000.00	460,000.00	450,834.71		9,165.29	
Other Expenses	87,850.00	42,296.89	28,781.44	1,238.00	12,277.45	
Inspection of Housing						
Salaries and Wages	105,000.00	98,000.00	80,637.31		17,362.69	
Other Expenses	5,250.00	5,250.00	2,130.89		3,119.11	
Electrical and Plumbing Inspections						
Salaries and Wages	47,000.00	55,000.00	53,372.47		1,627.53	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNCLASSIFIED						
Accumulated Leave Compensation	300,000.00	300,000.00	300,000.00	-	-	
Utility Expenses and Bulk Purchases						
Gasoline	300,000.00	300,000.00	146,879.97	6,404.12	146,715.91	
Electricity	700,000.00	770,000.00	614,006.37		155,993.63	
Telephone	150,000.00	260,000.00	140,669.36	3,169.57	116,161.07	
Natural Gas	70,000.00	135,000.00	105,781.51		29,218.49	
TOTAL OPERATIONS WITHIN "CAPS"	23,985,615.22	23,877,062.11	21,915,725.65	474,403.90	1,486,932.56	-
Contingent	5,000.00	5,000.00	5,000.00	-	-	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	23,990,615.22	23,882,062.11	21,920,725.65	474,403.90	1,486,932.56	-
Detail:						
Salaries and Wages	14,860,833.90	14,819,133.90	14,343,906.80	3,167.48	472,059.62	-
Other Expenses	9,129,781.32	9,062,928.21	7,576,818.85	471,236.42	1,014,872.94	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	788,786.00	788,786.00	788,786.00		-	
Social Security System (O.A.S.I.)	345,000.00	345,000.00	326,364.78		18,635.22	
Consolidated Police and Firemen's Pension Fund	8,998.09	8,998.09	8,998.09		-	
Police and Firemen's Retirement System	2,892,250.00	2,998,803.10	2,998,803.10		-	
Unemployment	20,000.00	20,000.00	7,058.41		12,941.59	
Medicare Insurance	215,000.00	217,000.00	213,896.43		3,103.57	
Lifeguard Pension	40,000.00	40,000.00	40,000.00		-	
Defined Contribution Retirement Program	4,000.00	4,000.00	860.37		3,139.63	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	4,314,034.09	4,422,587.19	4,384,767.18	-	37,820.01	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	28,304,649.31	28,304,649.30	26,305,492.83	474,403.90	1,524,752.57	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Employee Group Health	253,520.00	253,520.00			253,520.00	
Shared Service Agreement:						
Borough of Longport - Uniform Construction Code Salaries and Wages	41,900.00	41,900.00	41,900.00			
Other Expenses	2,250.00	2,250.00	-		2,250.00	
	297,670.00	297,670.00	41,900.00		255,770.00	
(A) Public and Private Programs Off-Set by Revenues						
Matching Funds for Grants						
Clean Communities Program		37,678.93	37,678.93			
Atlantic County DWI Checkpoint	1,080.00	5,700.00	5,700.00			
Municipal Alliance on Alcoholism and Drug Abuse	10,638.52	16,887.28	16,887.28			
Body Armor Replacement Fund	4,241.09	7,172.64	7,172.64			
Local Area Recreation Grant	50,000.00	50,000.00	50,000.00			
Distracted Driving	4,200.00	4,200.00	4,200.00			
Click it or Ticket Grant		4,200.00	4,200.00			
Bulletproof Vest		94.49	94.49			
NJ Department of Environmental Protection						
Stormwater Assistance Grant		15,000.00	15,000.00			
Drive Sober Get Pulled Over Labor Day		5,250.00	5,250.00			
Drive Sober Campaign December 2023		7,000.00	7,000.00			
NJ Department of Law and Public Safety						
2023 Summer Pedestrian Awareness Campaign		1,120.00	1,120.00			
Housing Inspections		23,125.00	23,125.00			
South Jersey Transportation Planning Organization	23,125.00					
CMAQ - Ventnor Avenue Signal Synchronization		1,640,000.00	1,640,000.00			
Total Public and Private Programs Off-Set by Revenues	93,379.10	1,817,428.34	1,817,428.34			

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS"	391,049.10	2,115,098.34	1,859,328.34	-	255,770.00	-
Detail:						
Salaries and Wages	41,900.00	41,900.00	41,900.00	-	-	-
Other Expenses	349,149.10	2,073,198.34	1,817,428.34	-	255,770.00	-
(C) Capital Improvements	300,000.00	300,000.00	300,000.00			
Capital Improvement Fund	300,000.00	300,000.00	300,000.00	-	-	-
Total Capital Improvements	300,000.00	300,000.00	300,000.00	-	-	-
(D) Debt Service	2,360,000.00	2,360,000.00	2,360,000.00			
Payment of Bond Principal						-
Payment of Bond Anticipation Notes						-
Interest on Bonds	730,526.88	730,526.88	730,526.88			-
Interest on Notes	112,500.00	112,500.00	112,187.50			312.50
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	86,574.42	86,574.43	86,574.43			-
NJFIT:						
Principal	51,960.55	51,960.55	51,960.55			-
Interest	10,218.76	10,218.76	10,218.76			-
Total Debt Service	3,351,780.61	3,351,780.62	3,351,468.12	-	-	312.50

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges	-	-	-	-	-	-
None	-	-	-	-	-	-
Total Deferred Charges	-	-	-	-	-	-
(I) Local District School Purposes	905,000.00	905,000.00	905,000.00	-	-	-
Payment of Bond Principal	165,687.50	165,687.50	165,687.50	-	-	-
Interest on Bonds	-	-	-	-	-	-
Total Local District School Purposes	1,070,687.50	1,070,687.50	1,070,687.50	-	-	-
(J) Deferred Charges and Statutory Expenditures - Local School	200,000.00	200,000.00	200,000.00	-	-	-
Capital project for Land, Building or Equipment	-	-	-	-	-	-
NJSA 18A:22-20	-	-	-	-	-	-
(K) District School Purpose (Items (I) and (J) - Excluded From CAPS	200,000.00	200,000.00	200,000.00	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	5,313,517.21	7,037,566.46	6,781,483.96	-	312.50
SUBTOTAL GENERAL APPROPRIATIONS	33,618,166.52	35,342,215.76	33,086,976.79	474,403.90	312.50
(M) Reserve for Uncollected Taxes	2,278,405.38	2,278,405.38	2,278,405.38	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 35,896,571.90	37,620,621.14	35,365,382.17	474,403.90	312.50
Budget		35,896,571.90			312.50
Appropriations by 40A:4-87		1,724,049.24			-
Emergency Appropriations		<u>37,620,621.14</u>			<u>312.50</u>
Reserve for Uncollected Taxes			2,278,405.38		
Federal and State Grants			1,817,428.34		
Deferred Charges			-		
Appropriation Refunds			(744,833.17)		
Disbursements			32,014,381.62		
			<u>35,365,382.17</u>		
				Cancelled Overexpended	

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Dog License Fund:		
Cash	\$ 15,669.60	12,331.60
	15,669.60	12,331.60
Other Funds:		
Cash - Treasurer	1,806,173.77	2,241,445.87
Cash Held in Trust	3,000.00	3,000.00
	1,809,173.77	2,244,445.87
	1,824,843.37	2,256,777.47
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	9,741.20	6,640.80
Accounts Payable	-	320.00
Reserve for Dog Fund Expenditures	5,928.40	5,370.80
	15,669.60	12,331.60
Other Funds:		
Payroll Deductions Payable	9,207.14	131,087.38
Due to Current Fund	712.26	622.26
Miscellaneous Reserves	1,799,254.37	2,112,736.23
	1,809,173.77	2,244,445.87
Total	\$ 1,824,843.37	2,256,777.47

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

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 2,434,886.41	3,690,161.35
Deferred Charges to Future Taxation -		
Funded	27,962,698.96	31,386,149.32
Unfunded	21,813,159.00	19,429,350.00
Interfunds and Receivables		
Due from Current Fund	4,547,522.47	297,522.47
Due from NJEIT	70,703.00	70,703.00
	<u>56,828,969.84</u>	<u>54,873,886.14</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	2,020,086.37	4,581,639.86
Bond Anticipation Notes Payable	12,375,000.00	4,500,000.00
Serial Bonds Payable	18,580,000.00	20,940,000.00
School Serial Bonds - Type 1 Payable	7,720,000.00	8,625,000.00
Green Trust Loan Payable	919,567.08	986,740.89
NJEIT Loan Payable	743,131.88	834,408.43
Improvement Authorizations:		
Funded	286,036.30	557,147.23
Unfunded	11,688,463.49	11,529,117.76
Due from Utility Capital	49,772.00	49,772.00
Reserve for Payment of Bonds -		
2021 School Bonds	400,755.21	200,755.21
2021 Bond Anticipation Note	161,070.00	161,070.00
2020 Bond Anticipation Note	15,108.99	15,108.99
Other	260,128.13	464,084.38
Capital Improvement Fund	186,852.00	6,043.00
Fund Balance	1,422,998.39	1,422,998.39
	<u>\$ 56,828,969.84</u>	<u>54,873,886.14</u>

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

2022	14,929,350.00
2023	9,438,159.00

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

	<u>2023</u>	<u>2022</u>
Beginning Balance January 1	\$ 1,422,998.39	1,422,998.39
Increased by:		
Cancelled funded authorizations	-	-
Ending Balance December 31	<u>\$ 1,422,998.39</u>	<u>1,422,998.39</u>

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 4,117,365.91	1,609,797.50
Change Fund	100.00	100.00
	<u>4,117,465.91</u>	<u>1,609,897.50</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	<u>746,051.93</u>	<u>747,882.82</u>
	<u>746,051.93</u>	<u>747,882.82</u>
Deferred Charge		
Overexpenditure of Appropriations	(0.00)	14,034.41
	<u>(0.00)</u>	<u>14,034.41</u>
Total of Operating Fund	<u>4,863,517.84</u>	<u>2,371,814.73</u>
Capital Fund:		
Cash	265,155.20	4,435,099.97
Fixed Capital - Completed	12,021,714.84	12,021,714.84
Fixed Capital - Authorized and Uncompleted	54,664,262.00	32,664,262.00
Due from General Capital Fund	49,772.00	49,772.00
Due from Utility Operating Fund	2,500,000.00	-
NJEIT Bonds Receivable	300,210.00	300,210.00
Total of Capital Fund	<u>69,801,114.04</u>	<u>49,471,058.81</u>
Total Assets	<u>\$ 74,664,631.88</u>	<u>51,842,873.54</u>

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

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 178,969.01	123,152.34
Encumbrances Payable	129,647.16	181,962.05
Accounts Payable	22,532.71	6,366.75
Utility Rent Prepayments & Overpayments	32,863.05	31,754.51
Due to Current Fund	314,945.27	314,945.27
Due to Grant Fund	517,847.68	517,847.68
Due to Utility Capital Fund	2,500,000.00	-
Accrued Interest on Bonds and Notes	187,046.36	111,576.62
	<u>3,883,851.24</u>	<u>1,287,605.22</u>
Reserve for Receivables	746,051.93	747,882.82
Fund Balance	233,614.67	336,326.69
Total of Operating Fund	<u>4,863,517.84</u>	<u>2,371,814.73</u>
Capital Fund:		
Contracts Payable	2,653,565.47	905,975.21
Improvement Authorizations:		
Unfunded	25,880,054.93	7,014,815.96
Water and Sewer Serial Bonds Payable	12,140,000.00	13,440,000.00
NJEIT Bonds Payable	2,585,200.00	2,809,122.00
Bond Anticipation Notes	3,500,000.00	3,500,000.00
Reserve to Pay Bonds - Other	327.42	133,101.42
Reserves for Amortization	18,748,519.77	17,224,597.77
Deferred Reserve for Amortization	4,289,790.07	4,289,790.07
Fund Balance	3,656.38	153,656.38
Total of Capital Fund	<u>69,801,114.04</u>	<u>49,471,058.81</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 74,664,631.88</u>	<u>51,842,873.54</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2023 and 2022 of \$25,422,467 and \$3,422,467 respectively

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

**WATER AND SEWER OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31,**

	2023	2022
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 300,000.00	559,222.00
Rents	6,345,480.34	5,958,223.11
Miscellaneous Anticipated Revenue	525,154.24	165,759.36
Miscellaneous Unanticipated Revenue	67,491.91	66,155.26
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	158,223.36	305,864.85
Total Income	7,396,349.85	7,055,224.58
<u>Expenditures</u>		
Operating	4,843,500.00	4,851,281.58
Debt Service	2,217,277.46	1,877,185.34
Capital Expenditures	-	-
Deferred Charges and Statutory Expenditures	138,284.41	137,040.53
Total Expenditures	7,199,061.87	6,865,507.45
Excess in Revenues	197,287.98	189,717.13
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year		
Overexpenditure of Appropriation	-	14,034.41
Statutory Excess to Fund Balance	197,287.98	203,751.54
Fund Balance January 1	336,326.69	691,797.15
Total	533,614.67	895,548.69
Decreased by:		
Utilization as Anticipated Revenue	300,000.00	559,222.00
Fund Balance December 31	\$ 233,614.67	336,326.69

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31,**

	2023	2022
Balance January 1,	\$ 153,656.38	153,656.38
Decreased by:		
Anticipated Revenue - Operating Budget	150,000.00	-
Balance December 31,	\$ 3,656.38	153,656.38

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated Budget	Realized	Excess or (Deficit)
	<u> </u>	<u> </u>	<u> </u>
Fund Balance Anticipated	\$ 300,000.00	300,000.00	-
Rents - Sewer	5,950,000.00	6,345,480.34	395,480.34
Miscellaneous Receipts	150,000.00	242,380.24	92,380.24
Reserve for Debt Service	132,774.00	132,774.00	-
Utility Capital Surplus	150,000.00	150,000.00	-
Additional Rents	570,000.00	-	(570,000.00)
Miscellaneous Unanticipated	-	67,491.91	67,491.91
	<u>\$ 7,252,774.00</u>	<u>7,238,126.49</u>	<u>(14,647.51)</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable

6,345,480.34

Miscellaneous

Interest on Deposits

155,178.97

Connection Fees

17,350.00

Fire Hydrant Service

5,250.00

Penalties

64,601.27

Miscellaneous

67,491.91

309,872.15

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations			Expended			Unexpended Balance Canceled	Over-Expended
	Budget	Budget after Modification	Paid or Charged	Encumbered	Reserved			
Operating								
Salaries and Wages	\$ 1,460,000.00	1,452,000.00	1,424,031.53		27,968.47	-		
Other Expenses	1,701,500.00	1,621,500.00	1,426,859.23	129,647.16	64,993.61	-		
ACMUA- Treatment Costs	1,360,000.00	1,360,000.00	1,285,207.00		74,793.00	-		
Current Fund Allocation	410,000.00	410,000.00	410,000.00		-			
	<u>4,931,500.00</u>	<u>4,843,500.00</u>	<u>4,546,097.76</u>	<u>129,647.16</u>	<u>167,755.08</u>	<u>-</u>		<u>-</u>
Debt Service								
Payment on Bond Principal	1,300,000.00	1,300,000.00	1,300,000.00			-		
Interest on Bonds	545,000.50	545,000.50	539,285.02			5,715.48		
Interest on Notes	92,510.83	167,510.83	122,514.18			44,996.65		
NJEIT Principal and Interest	258,478.26	258,478.26	255,478.26			3,000.00		
	<u>2,195,989.59</u>	<u>2,270,989.59</u>	<u>2,217,277.46</u>	<u>-</u>	<u>-</u>	<u>53,712.13</u>		<u>-</u>
Deferred Charges and Statutory Expenditures								
Overexpenditures of Appropriations	14,034.41	14,034.41	14,034.41			-		
Contribution to:								
Social Security System (O.A.S.I.)	110,000.00	123,000.00	112,177.32		10,822.68	-		
Unemployment Compensation	1,000.00	1,000.00	858.75		141.25			
Defined Contribution Retirement Plan	250.00	250.00	-		250.00			
	<u>125,284.41</u>	<u>138,284.41</u>	<u>127,070.48</u>	<u>-</u>	<u>11,213.93</u>	<u>-</u>		<u>-</u>
Deficit in Operations in Prior Years	-	-	-					
	<u>\$ 7,252,774.00</u>	<u>7,252,774.00</u>	<u>6,890,445.70</u>	<u>129,647.16</u>	<u>178,969.01</u>	<u>53,712.13</u>		<u>-</u>
Accrued interest on Bonds			917,277.46					
Deferred Charges			14,034.41					
Disbursed			5,959,133.83					
			<u>6,890,445.70</u>					

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2023</u>	<u>2022</u>
General Fixed Assets:		
Land and Buildings	\$ 30,668,753.00	30,668,753.00
Machinery and Equipment	5,445,467.00	4,812,948.00
Vehicles	<u>7,627,772.00</u>	<u>7,677,081.00</u>
Total General Fixed Assets	<u><u>43,741,992.00</u></u>	<u><u>43,158,782.00</u></u>
Investment in General Fixed Assets	\$ <u><u>43,741,992.00</u></u>	\$ <u><u>43,158,782.00</u></u>

See Accompanying Notes to Financial Statements

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Ventnor City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Ventnor, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The financial statements of the component unit of the City of Ventnor are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. If the provisions of GASB 14 and GASB 39 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the City of Ventnor, the primary government. The City maintains a Type 1 School District.

Ventnor City School District
400 N. Lafayette Avenue
Ventnor, NJ 08406

The annual financial report may be inspected directly at the office of the component unit during regular business hours.

B. Description of Funds

The accounting policies of the City of Ventnor City conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Ventnor City accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. No depreciation has been provided for in the financial statements.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the City of Ventnor City to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the City of Ventnor City to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, will not have an effect on the City's financial statements.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, will not have an effect on the City's financial statements.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$2,278,405.38 and \$2,241,565.41. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$3,810,000 and \$3,400,000.00. In addition, the entity operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$300,000.00 and \$559,222.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2023 and 2022 calendar years:

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
Current Operating		
Police		
Salaries and Wages	\$ -	110,000.00
Fire		
Salaries and Wages	-	50,000.00
Street Repairs and Maintenance		
Salaries and Wages	-	(80,000.00)
Recreation		
Salaries and Wages	(39,500.00)	40,000.00
Other Expenses	(51,900.00)	-
Buildings and Grounds		
Other Expenses	(110,000.00)	(65,000.00)
Solid Waste/Recycling		
Other Expenses	85,000.00	(80,000.00)
City Engineer		
Other Expenses	(89,300.00)	-
Construction Official		
Other Expenses	(45,553.11)	-
Insurance		
General Liability	-	80,000.00
Employee Health Insurance	-	125,000.00
Information Technology		
Other Expenses	-	(80,000.00)
Telephone	110,000.00	-
Electric	70,000.00	(92,000.00)
Gasoline	-	80,000.00
Natural Gas	65,000.00	-
Police and Fireman's Retirement System	106,553.10	-
Water and Sewer Utility Operating Fund		
Operating - Other Expenses	(80,000.00)	-
Debt Service - Interest on Notes	75,000.00	-
Deferred Charges and Statutory Expenditures - Contribution to Social Security (O.A.S.I.)	13,000.00	-

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2023 and 2022, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
Local Efficiency Achievement Program (LEAP)		
City Hall	\$ -	112,000.00
Clean Communities	37,678.93	
FEMA Flood Mitigation - Winchester Avenue		1,638,011.05
Coastal Resiliency		546,003.68
South Jersey Transportation Planning Organization		-
CMAQ-Ventnor Avenue Signal Synchronization	1,640,000.00	-
NJ Department of Environmental Protection		
Electric Vehicle Fast Charger	-	75,000.00
Clean Energy - Electric Vehicle	-	82,000.00
Clean Fleet - Electric Vehicle	-	83,000.00
American Rescue Plan (ARP)		

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. As of December 31, 2023, the City has no emergency or special emergency authorizations.

Note 3: INVESTMENTS

As of December 31, 2023 and 2022, the municipality had no investments.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the entity can invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2023, and 2022, \$14,449,242.59 and \$3,469,628.43 of the municipality's bank balance of \$26,951,182.34 and \$24,062,115.42 exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023 and 2022:

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land and Buildings	\$ 30,668,753.00			30,668,753.00
Equipment and Machinery	4,812,948.00	742,155.00	(109,636.00)	5,445,467.00
Vehicles	7,677,081.00	687,763.00	(737,072.00)	7,627,772.00
	<u>\$ 43,158,782.00</u>	<u>1,429,918.00</u>	<u>(846,708.00)</u>	<u>43,741,992.00</u>

	Balance 12/31/2021	Additions	Retirements/ Adjustments	Balance 12/31/2022
Land and Buildings	\$ 30,668,753.00			30,668,753.00
Equipment and Machinery	4,743,100.00	143,589.00	(73,741.00)	4,812,948.00
Vehicles	6,987,595.00	964,726.00	(275,240.00)	7,677,081.00
	<u>\$ 42,399,448.00</u>	<u>1,108,315.00</u>	<u>(348,981.00)</u>	<u>43,158,782.00</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/22	Issued	Retired	Balance 12/31/23
Bond Anticipation Notes payable:				
General	\$ 4,500,000.00	12,375,000.00	4,500,000.00	12,375,000.00
Utility	3,500,000.00	3,500,000.00	3,500,000.00	3,500,000.00
	<u>\$ 8,000,000.00</u>	<u>15,875,000.00</u>	<u>8,000,000.00</u>	<u>15,875,000.00</u>

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Balance 12/31/21	Issued	Retired	Balance 12/31/22
Bond Anticipation Notes payable:				
General	\$ 13,500,000.00	4,500,000.00	13,500,000.00	4,500,000.00
Utility	6,000,000.00	3,500,000.00	6,000,000.00	3,500,000.00
	<u>\$ 19,500,000.00</u>	<u>8,000,000.00</u>	<u>19,500,000.00</u>	<u>8,000,000.00</u>

As of December 31, 2023, the City had the following bond anticipation note outstanding:

Bank	2023 Amount	Interest Rate	Date of Maturity
TD Securities (USA) LLC	\$ 15,875,000.00	4.50%	7/10/2024

At December 31, 2023 the entity has authorized but not issued bonds in the amount of \$9,438,159.00 and \$25,422,467.00 in the General Capital Fund and Utility Capital Fund respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	Balance 12/31/22	Issued	Retired	Balance 12/31/23	Amounts Due Within One Year
Bonds payable:					
General	\$ 22,761,149.32		2,518,450.36	20,242,698.96	2,660,484.55
Utility	13,440,000.00		1,300,000.00	12,140,000.00	1,375,000.00
Utility - NJEIT	2,809,122.00		223,922.00	2,585,200.00	223,922.00
Total	<u>39,010,271.32</u>	<u>-</u>	<u>4,042,372.36</u>	<u>34,967,898.96</u>	<u>4,259,406.55</u>
Other liabilities:					
School	8,625,000.00		905,000.00	7,720,000.00	915,000.00
PERS Liability	7,166,451.00	2,273,211.00		9,439,662.00	-
PFRS Liability	16,373,265.00	9,081,842.00		25,455,107.00	-
Compensated Absences Payable	<u>2,445,501.58</u>	<u>333,206.16</u>	<u>231,180.05</u>	<u>2,547,527.69</u>	<u>153,456.17</u>
Total long-term liabilities	<u>73,620,488.90</u>	<u>11,688,259.16</u>	<u>5,178,552.41</u>	<u>80,130,195.65</u>	<u>5,327,862.72</u>

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Balance 12/31/21	Issued	Retired	Balance 12/31/22	Amounts Due Within One Year
Bonds payable:					
General	\$ 15,513,960.09	9,000,000.00	1,752,810.77	22,761,149.32	2,479,134.36
Utility	12,050,000.00	2,500,000.00	1,110,000.00	13,440,000.00	1,300,000.00
Utility - NJEIT	3,028,044.00	-	218,922.00	2,809,122.00	223,922.00
Total	30,592,004.09	11,500,000.00	3,081,732.77	39,010,271.32	4,003,056.36
Other liabilities:					
School	9,495,000.00		870,000.00	8,625,000.00	905,000.00
PERS Liability	9,707,426.00		2,540,975.00	7,166,451.00	
PFRS Liability	27,793,358.00		11,420,093.00	16,373,265.00	
Compensated Absences Payable	2,468,707.97	406,731.20	429,937.59	2,445,501.58	-
Total long-term liabilities	80,056,496.06	11,906,731.20	18,342,738.36	73,620,488.90	4,908,056.36

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the entity:

\$6,365,000.00 General Improvement Bond dated 12/4/13 payable in annual installments through 12/1/25. Interest is paid semiannually at rates varying from 2.00% to 3.25% per annum. The balance remaining as of December 31, 2023 was \$1,240,000.00.

\$3,235,000 Refunding Bonds dated 9/22/17 payable in annual installments through 12/1/2025. Interest is paid semiannually at 4% per annum. The balance remaining as of December 31, 2023 was \$1,335,000.00.

\$8,855,000.00 General Improvement Bond dated 10/22/19 payable in annual installments through 9/1/32. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2023 was \$7,500,000.00.

\$9,000,000.00 General Improvement Bond dated 7/1/2022 payable in annual installments through 7/1/2034. Interest is paid semiannually at a rate of 3.8764% per annum during 2023 and 4% per annum thereafter. Bonds maturing on or after July 1 2030 are redeemable at the option of the City, in whole or in part, on any date on or after July 1, 2029, The balance remaining as of December 31, 2023 was \$8,505,000.00

\$1,110,000.00 School Refunding Bonds dated 9/22/17 payable in annual installments through 12/1/2025. Interest is paid semiannually at a rate of 4.00% per annum. The net present value of this savings is \$258,812.48. The balance at December 31, 2023 was \$465,000.00.

\$8,595,000.00 School Bond, Series 2021, dated 7/14/2021 payable in annual installments through 7/15/2033. Interest is paid semiannually at a rate of 1.00% to 3.00% per annum. The balance remaining as of December 31, 2023 was \$7,255,000.00.

\$1,335,000.00 Green Trust Loan Payable dated 2/16/17 payable in semiannual installments through 2035. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$30,254.51 are applied first to interest and then to principal. The balance remaining as of December 31, 2023 was \$919,567.08.

\$325,000.00 NJEIT Loan dated 2/8/2018 payable in annual installments through 8/1/2037. Interest is paid semiannually at rates varying from 5.00% to 3.00% per annum. The balance remaining as of December 31, 2023 was \$265,000.00.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

\$726,891.00 NJEIT Loan dated 2/8/2018 payable in annual installments through 8/1/20137. This is an Interest Free Loan. The balance remaining as of December 31, 2023 was \$478,131.88.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the entity:

\$3,635,000.00 Water and Sewer Bonds dated 12/4/13 payable in annual installments through 12/1/31. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2023 was \$1,945,000.00.

\$7,195,000 Refunding Water and Sewer Bond dated 9/22/17 payable in annual installments through 12/1/30. Interest is paid semiannually at a rate of 4.00% per annum. The balance remaining as of December 31, 2023 was \$5,010,000.00.

\$3,845,000.00 Water and Sewer Bonds dated 10/22/19 payable in annual installments through 12/1/31. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2023 was \$2,825,000.00.

\$2,500,000.00 Water and Sewer Bonds dated 7/1/2022 payable in annual installments through 7/1/2034. Interest is paid semiannually at a rate of 3.8764% per annum during 2023 and 4% per annum thereafter. Bonds maturing on or after July 1 2030 are redeemable at the option of the City, in whole or in part, on any date on or after July 1, 2029, The balance remaining as of December 31, 2023 was \$2,360,000.00.

During 2014 the City entered into an agreement with NJEIT to finance utility improvements in the amount of \$5,387,000, of which a portion of the principal was forgiven. The principal is payable in annual installments through 8/1/35. Interest is paid semiannually at rates varying from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2023 was \$2,585,200.00.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2024	\$ 2,660,484.55	688,544.18	1,598,922.00	483,781.26
2025	2,836,861.88	597,866.85	1,648,922.00	431,381.26
2026	1,578,266.91	499,536.82	1,683,922.00	376,681.26
2027	1,624,700.16	439,153.57	1,723,922.00	317,118.76
2028	1,706,162.23	376,941.50	1,773,922.00	255,718.76
2029-2033	8,483,791.62	968,702.03	5,824,610.00	715,337.54
2034-2037	1,352,431.61	51,193.66	470,980.00	18,100.00
	<u>\$ 20,242,698.96</u>	<u>3,621,938.61</u>	<u>14,725,200.00</u>	<u>2,598,118.84</u>

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Year	School Debt	
	Principal	Interest
2024	\$ 915,000.00	149,887.50
2025	985,000.00	133,987.50
2026	705,000.00	116,937.50
2027	705,000.00	109,887.50
2028	750,000.00	102,837.50
2029-2033	3,660,000.00	295,250.00
	<u>\$ 7,720,000.00</u>	<u>908,787.50</u>

As of December 31, 2023 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$760,146.25 and to the utility budget was \$530,628.76.

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued:</u>			
General - Bonds	\$ 18,580,000.00	20,940,000.00	13,575,000.00
School - Bonds	7,720,000.00	8,625,000.00	9,495,000.00
Loan	919,567.08	986,740.89	1,052,591.11
NJEIT	743,131.88	834,408.43	886,368.98
Bond Anticipation Note	12,375,000.00	4,500,000.00	13,500,000.00
Sewer Utility - Bonds	12,140,000.00	13,440,000.00	12,050,000.00
Sewer Utility - Bond Anticipation Notes	3,500,000.00	3,500,000.00	6,000,000.00
Sewer Utility - NJEIT	2,585,200.00	2,809,122.00	3,028,044.00
Total Issued	<u>58,562,898.96</u>	<u>55,635,271.32</u>	<u>59,587,004.09</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	9,438,159.00	14,929,350.00	9,647,522.47
Sewer Utility - Bonds and Notes	25,422,467.00	3,422,467.00	1,947,467.00
Total Authorized But Not Issued	<u>34,860,626.00</u>	<u>18,351,817.00</u>	<u>11,594,989.47</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 93,423,524.96</u>	<u>73,987,088.32</u>	<u>71,181,993.56</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.551%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 7,720,000.00	7,720,000.00	-
Sewer Utility Debt	43,667,667.00	43,667,667.00	-
General Debt	42,055,857.95	692,616.57	41,363,241.38
	<u>\$ 93,443,524.95</u>	<u>52,080,283.57</u>	<u>41,363,241.38</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Net Debt \$41,363,241.38 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,667,244,240.00 = 1.551%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	93,353,548.40
Net Debt		41,363,241.38
Remaining Borrowing Power	\$	<u>51,990,307.02</u>

The City of Ventnor City School District, as a K-12 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 8: LEASE OBLIGATIONS

The City has entered into several agreements to lease various copier machines for various City owned facilities under operating leases. The terms of the leases range from thirty-six (36) to sixty (60) months through December 31, 2026. The monthly payment of the leases range from \$60.12 to \$535.27 per month.

The total operating lease payments in 2023 was \$24,097.96.

The following is a schedule of the future minimum lease payments under these leases at December 31, 2023.

Year	Amount
2024	\$ 18,880.56
2025	11,846.63
2026	7,738.48
2027	330.00
2028	-
Total	\$ <u>38,795.67</u>

Note 9: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2023 and 2022, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	\$ 4,000,000.00	3,810,000.00
Water & Sewer Utility	231,975.00	300,000.00

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2024 budget is \$8,872,408.24 for the current fund and \$233,614.67 for the utility fund.

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**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 10: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, there were no deferred charges shown on the balance sheets of the various funds.

Note 11: SCHOOL TAXES

Local District School Tax in the amounts of \$16,622,500.00 and \$17,958,799.00 have been raised for the 2023 and 2022 calendar years and remitted to the school district. During the 2022 calendar year, the City overpaid the School District by an amount of \$80,098.92. This amount was returned to the City during the 2023 calendar year.

Note 12: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/23</u>	<u>Balance 12/31/22</u>
Prepaid Taxes	\$ 1,243,157.65	1,156,906.75
Cash Liability for Taxes Collected in Advance	<u>\$ 1,243,157.65</u>	<u>1,156,906.75</u>

Note 13: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Pension Plan For Lifeguards

The City of Ventnor City has established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary and contributed to the plan for his benefit. The City budgets its contribution in the current fund which is then placed in the Lifeguard Pension Trust Fund. Retiree benefits are then paid from the Trust Fund. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of services, the last 10 must have been completed immediately preceding his application.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2023, 2022, and 2021 were \$788,786.00, \$708,458.00, and \$651,205.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2023, 2022, and 2021 were \$2,892,250.00, \$2,610,762.00, and \$2,403,000.00.

The total payroll for the year ended December 31, 2023, 2022, and 2021 was \$15,608,035.06, \$15,227,377.15 and \$15,177,039.46 Payroll covered by PFRS was \$8,351,140.73, \$7,770,532.00, and \$7,888,223.00. Payroll covered by PERS was \$4,620,739.88, \$4,515,709.00, and \$4,500,273.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2023, 2022, and 2021 was \$40,000.00, \$0 and \$0. The City's trust for the Lifeguard Pension at December 31, 2023 and 2022 was \$141,51437 and \$149,073.70 respectively. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2023, 2022, and 2021 were \$82,927.35, \$58,363.56, and \$62,218.25.

Significant Legislation

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

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

Note 14: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2022:

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Public Employees' Retirement System

The City has a liability of \$9,439,662 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion would be 0.06255003670%, which would be an increase of 3.40% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City would have recognized pension expense of \$(490,005). At December 31, 2022, the City would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 68,131	\$ (60,082)
Changes of assumptions	29,247	(1,413,491)
Changes in proportion	579,460	(72,377)
Net difference between projected and actual earnings on pension plan investments	390,699	-
Total	<u>\$ 1,067,537</u>	<u>\$ (1,545,950)</u>

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

Year ended June 30,		
2023	\$	(437,295)
2024		(161,054)
2025		(11,316)
2026		132,280
2027		(1,028)
Total	<u>\$</u>	<u>(478,413)</u>

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**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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 disable 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022 are summarized in the following table:

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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 in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 11,320,091	\$ 9,439,662	\$ 7,841,121

Pension plan fiduciary net position.

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Police and Firemen’s Retirement System

The City has a liability of \$25,455,107 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2021 that was rolled forward to June 30, 2022. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City’s proportion would be 0.22238611000%, which would be a decrease of 0.73% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City would have recognized pension expense of \$(775,597). At December 31, 2022, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 1,152,166	\$ (1,559,471)
Changes of assumptions	69,762	(3,204,295)
Changes in proportion	1,063,248	(2,259,288)
Net difference between projected and actual earnings on pension plan investments	2,330,940	-
Total	<u>\$ 4,616,116</u>	<u>\$ (7,023,054)</u>

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

Year ended <u>June 30,</u>	
2023	\$ (2,530,701)
2024	(1,617,275)
2025	(1,540,634)
2026	3,218,145
2027	31,014
Thereafter	32,513
Total	<u>\$ (2,406,938)</u>

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	3.25% - 16.25% (based on years of service)
Investment rate of return:	7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for 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 the City’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
City's proportionate share of the net pension liability	35,971,341.30	25,455,107.00	16,701,317.71

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$2,037,115,833.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2022 State special funding situation pension expense of \$235,029,281.00 is

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the City was 0.222386110000% for 2022. The net pension liability amount allocated to the City was \$4,530,263. For the fiscal year ending June 30, 2022 State special funding situation pension expense of \$522,672 is allocated to the City.

Pension plan fiduciary net position.

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

Note 15: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

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

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

year ended June 30, 2022 were \$3,361,552,823 and \$3,872,142,278, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

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

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

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2022 is as follows:

	<u>June 30, 2022</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 16,090,925,144.00
Plan Fiduciary Net Position (Deficit)	(58,670,334.00)
Net OPEB Liability	<u>\$ 16,149,595,478.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%

At June 30, 2022, the State's proportionate share for the Special Funding Situation that is associated with the City is \$27,909,874. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.827251% which was an increase from the prior year of 0.88%.

For the Year ended June 30, 2022, the State of New Jersey realized Total OPEB Expense in the amount of \$(4,577,806.00) for its proportionate share of Total OPEB Expense that is associated with the City.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Investment Rate of Return
 Including Inflation rate 3.54%

Salary increases*:

PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75

PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy Mortality:

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

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

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Chapter 330 Current Retirees: PUB-2010 “Safety” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Current Retirees: PUB-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Collective			
Net OPEB Liability \$	18,720,632,230	16,149,595,478	14,080,955,857

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

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability \$	13,700,188,049.00	\$ 16,149,595,478.00	\$ 19,286,596,671.00

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees’ OPEB from the following sources:

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Collective Totals	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience \$	833,982,363	(2,993,448,535)
Changes of assumptions	2,155,230,462	(5,511,545,572)
Net difference between projected and actual earnings on OPEB plan investments	4,251,491	
Changes in proportion and differences between contributions and proportionate share of contributions		
Total	\$ 2,993,464,316	(8,504,994,107)

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

Year ended June 30,	Collective Totals
2023	\$ (1,463,380,541)
2024	(1,464,672,406)
2025	(1,156,630,075)
2026	(516,557,746)
2027	(115,810,526)
Thereafter	(794,478,497)
Total	\$ (5,511,529,791)

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

Collective OPEB Expenses reported by the State of New Jersey.

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2022 are as follows:

Service cost	\$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Expected Investment Return	86,955
Administrative Expenses	12,334,441
Changes of Benefit Terms	402,474,416
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(630,413,303)
Changes in Assumptions	(835,585,441)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,032,008
Total Collective OPEB Expense	\$ 150,955,720

Note 16: ACCRUED SICK AND VACATION BENEFITS

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$2,547,527.67 in 2023 and \$2,445,501.58 in 2022. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the entity's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 17: ECONOMIC DEPENDENCY

The City of Ventnor City is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 18: RISK MANAGEMENT

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

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2023 and 2022 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City’s trust fund for the previous three years:

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 60,218.53	1,957.05	23,211.44	108,761.86	105,185.70
2022	75,407.43	296.54	22,795.57	14,108.15	128,560.54
2021	20,345.50	122.91	20,088.15	22,040.25	44,169.15

Note 19: DEFERRED COMPENSATION

Employees of the City of Ventnor City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Employees. As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator. In the opinion of the entity’s legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 20: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 21: INTERFUND BALANCES

During the most current calendar year ended December 31, 2023, the following interfunds were included on the balance sheets of the various funds of City of Ventnor City:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 9,741.20	
Other Trusts	712.26	
Grant Fund		586,388.62
General Capital Fund		4,547,522.47
Utility Operating Fund	314,945.27	
Grant Fund:		
Current Fund	586,388.62	
Utility Operating Fund	517,847.68	
Trust Fund:		
Current Fund		712.26
Animal Control Trust Fund:		
Current Fund		9,741.20
General Capital Fund:		
Current Fund	4,547,522.47	
Utility Capital Fund		49,772.00
Utility Operating Fund:		
Current Fund		314,945.27
Grant Fund		517,847.68
Utility Capital Fund		2,500,000.00
Utility Capital Fund:		
General Capital Fund	49,772.00	
Utility Operating Fund	<u>2,500,000.00</u>	
	<u>\$ 8,526,929.50</u>	<u>8,526,929.50</u>

The amounts due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 22: SUBSEQUENT EVENTS

Capital Ordinances

On April 25, 2024, the City Commission adopted capital ordinance #2024-011 which authorized \$900,000.00 for various general capital improvements and acquisition of various equipment for the City's schools. This bond ordinance increases the City's authorized debt by \$900,000.00.

On May 9, 2024, the City Commission adopted capital ordinance #2024-012 for the repair and/or rehabilitation of the boardwalk, appropriating \$14,110,689.00, including a \$7,110,689 grant from the New Jersey Boardwalk Preservation Fund, and authorizing the issuance of \$7,000,000.00 in bonds or notes to finance the remaining costs.

Also, on May 9, 2024, the City Commission adopted capital ordinance #2024-013 which authorizes \$3,000,000.00 for various 2024 general capital improvements within the City. This bond ordinance increases the City's authorized debt by \$2,857,142.00.

Other

The entity has evaluated subsequent events through May 21, 2024, the date which the financial statements were available to be issued and identified no events requiring disclosure.

APPENDIX C

FORM OF BOND COUNSEL OPINION FOR THE BONDS

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July __, 2024

Mayor and City Commissioners
City of Ventnor
Ventnor, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$9,500,000 General Obligation Bonds, Series 2024 (the "Bonds"), of the City of Ventnor (the "City"), a body politic and corporate of the State of New Jersey. The Bonds consist of: (i) \$4,500,000 General Improvement Bonds; and (ii) \$5,000,000 Water & Sewer Utility Bonds.

The Bonds are authorized by and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), bond ordinances duly adopted by the City Commissioners and published as required by law, and a resolution duly adopted by the City Commissioners on May 23, 2024.

The Bonds, together with other available funds of the City, are being issued to: (i) refund, on a current basis, \$8,000,000 portion of prior bond anticipation notes of the City issued in the aggregate principal amount of \$15,875,000 on July 11, 2023 and maturing on July 10, 2024 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various capital and utility improvements and purposes in and by the City; (ii) permanently finance various utility improvements in the amount of \$1,500,000; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of in principal denominations of \$5,000, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the City as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the first day of January and July (each an "Interest Payment Date"), commencing July 1, 2025, in each year until maturity or prior redemption, as applicable. The Bonds shall mature on July 1 in each of the years, in the principal amounts and at the interest rates as follows:

\$9,500,000 General Obligation Bonds, Series 2024

<u>Year</u>	<u>General Improvement</u>	<u>Water & Sewer Utility</u>	<u>Total Principal Amount</u>	<u>Interest Rates</u>
2025	\$275,000	\$275,000	\$550,000	%
2026	325,000	325,000	650,000	
2027	350,000	350,000	700,000	
2028	375,000	375,000	750,000	
2029	400,000	400,000	800,000	
2030	425,000	425,000	850,000	
2031	450,000	450,000	900,000	
2032	450,000	450,000	900,000	
2033	450,000	450,000	900,000	
2034	450,000	475,000	925,000	
2035	550,000	475,000	1,025,000	
2036	--	500,000	550,000	

The Bonds are subject to optional redemption prior to their stated maturity dates as set forth therein.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the City enforceable in accordance with their terms, and (iii) the City has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the City is

subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The City will represent in its tax certificate relating to the Bonds that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code described in the preceding paragraph, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owner of the Bonds pursuant to section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Mayor and City Commissioners
of the City of Ventnor
July __, 2024
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We have examined one of each of the Bonds, as executed by the City, and, in our opinion, the form of such Bond and its execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed 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 changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

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

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Bonds and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Bonds) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

APPENDIX D

FORM OF BOND COUNSEL OPINION FOR THE NOTES

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ARCHER & GREINER, P.C.
ATTORNEYS AT LAW
Riverview Plaza
10 Highway 35
Red Bank, NJ 07701-5902
732-268-8000
FAX 732-345-8420

July __, 2024

Mayor and City Commissioners
City of Ventnor
Ventnor, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Commissioners of the City of Ventnor, State of New Jersey (the "City") and other proofs submitted to us relative to the issuance and sale of the

\$16,400,000 BOND ANTICIPATION NOTES
Consisting of:
\$13,400,000 General Improvement Notes
And
\$3,000,000 Water & Sewer Utility Notes

Dated: July 2, 2024

The \$16,400,000 aggregate principal amount of Bond Anticipation Notes (the "Notes") of the City are dated July 2, 2024, mature on July 1, 2025 and bear interest at the rate of _____ and _____ hundredths percentum (____%) per annum. The Notes are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the Notes will be made in book-entry only form in principal denominations of \$5,000, or multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the City). So long as DTC or its nominee 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 Cede & Co., as nominee for DTC.

The Notes are not subject to redemption prior to maturity.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, various bond ordinances duly adopted by the Commissioners of the City and published as required by law.

Mayor and City Commissioners

City of Ventnor

July __, 2024

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The Notes, together with other available funds of the City, are being issued to: (i) refund, on a current basis, a \$7,875,000 portion of prior bond anticipation notes of the City issued in the aggregate principal amount of \$15,875,0000 on July 11, 2023 and maturing July 10, 2024; (ii) temporarily finance various improvements in the amount of \$8,525,000 in and for the City; and (iii) pay the costs associated with the issuance of the Notes.

We are of the opinion that: (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the City, and (iii) the City has pledged its faith and credit for the payment of the principal of and interest on the Notes, and, unless paid from other sources, all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The City will represent in its tax certificate relating to the Notes that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

Assuming the City observes its covenants with respect to compliance with the Code, we are of the opinion that, under existing law, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. Interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with

Mayor and City Commissioners

City of Ventnor

July __, 2024

Page 3

respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the Notes, as executed by the City, and, in our opinion, the form of such Notes and their execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed 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 changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

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

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Notes and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Notes) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of July ____, 2024 (the "Disclosure Certificate") is executed and delivered by the City of Ventnor, County of Atlantic, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$9,500,000 General Obligation Bonds, Series 2024, dated July ____, 2024 (the "Bonds"). The Bonds consist of: (i) \$4,500,000 General Improvement Bonds; and (ii) \$5,000,000 Water and Sewer Utility Bonds. The Bonds are being issued pursuant to bond ordinances duly adopted by the Commissioners of the City and published as required by law, and a resolution duly adopted by the Commissioners of the City on May 23, 2024 (the "Bond Resolution"). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners of the Bonds to assist the Underwriter(s) in complying with the Rule (as defined below). The City acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Disclosure Representative" shall mean the Chief Financial Officer of the City or his designee, or such other person as the City shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the City or any Dissemination Agent subsequently designated in writing by the City which has filed with the City a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The City or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed

hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The City shall provide or cause to be provided to the Dissemination Agent not later than 270 days following the end of each year, commencing with the year ending December 31, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the City are not available by September 1 of each year, the City shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the City, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the City.

(b) Not later than 285 days following the end of each year, commencing with the year ending December 31, 2023, the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the City does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot forward the Annual Report to EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the City (if the Dissemination Agent is not the City).

(d) Each year the Dissemination Agent shall file a report with the City (if the Dissemination Agent is not the City), certifying that the Annual Report has been filed with EMMA pursuant to this Disclosure Certificate, and stating the date it was provided.

(e) If the fiscal year of the City changes, the City shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the City, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. (a) The City's Annual Report shall contain or incorporate by reference the following:

1. The audited financial statements of the City (as of December 31).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

2. The general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement dated June __, 2024, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (i) City indebtedness including a schedule of outstanding debt issued by the City, (ii) property valuation information, and (iii) tax rate, levy and collection data and in the forepart thereof under the heading entitled, "Litigation".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the City (Note to Section 5(a)(12): For the purposes of the event identified in Section 5(a) (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or

substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation 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
16. 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.

The City shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5 that require a materiality determination, the City may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the City has or obtains knowledge of the occurrence of any of the Listed Events that require a materiality determination, the City shall, as soon as possible, determine if such event would constitute information material, if applicable, to the Beneficial Owners of the Bonds.

(c) If the City (i) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (ii) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the City is not the Dissemination Agent) and the City shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the City determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is

not the City) and the Dissemination Agent (if the Dissemination Agent is not the City) shall be instructed by the City not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the City (if the Dissemination Agent is not the City). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Bondholders of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an "Obligated Person" (as defined in the Rule). The City shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. Within the five years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, (a) operating data for the fiscal year ending December 31, 2018; and (b) operating data for the School District for the fiscal year ending December 31, 2018. In addition, the City failed to uniformly upload a bond insurer upgrade in March 2014 to all applicable CUSIPs for outstanding City bond issues for which the City has secondary market disclosure obligations.

By way of clarification, since 2010, information as to the ten largest non-governmental employers in the City has not been included in the City's annual filings as such information was not considered to be general financial information or operating data of the City. In lieu thereof, the City has included in its annual reports information on the top ten employers on a County-wide basis.

The City acknowledges that it previously failed to file event notices and late filing notices in connection with: (i) its timely filings of annual operating data; (ii) annual audited financial statement; and (iii) certain rating changes. Such notices of events and late filings have been filed with EMMA as of the date of this Official Statement. The City appointed NW Financial Group, LLC to serve as continuing disclosure agent.

SECTION 8. Dissemination Agent; Compensation. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

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

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific

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

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriter(s), and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City

Amy Stover, Chief Financial Officer
City of Ventnor
6201 Atlantic Avenue
Ventnor City, NJ 08406

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds:

initially: Amy Stover, Chief Financial Officer
City of Ventnor
6201 Atlantic Avenue
Ventnor City, NJ 08406

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City

and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

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SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State, as applicable.

CITY OF VENTNOR

AMY STOVER,
Chief Financial Officer

Acknowledged and Accepted by:
DISSEMINATION AGENT

N/A

AUTHORIZED SIGNATORY

EXHIBIT A

NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Ventnor, County of Atlantic, State of New Jersey

Name of Bond Issue: \$9,500,000 General Obligation Bonds, Series 2024
Dated July ____, 2024
(CUSIP Number _____)

Date of Issuance: July ____, 2024

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of July ____, 2024 executed by the City.

DATED: _____

DISSEMINATION AGENT
(on behalf of the City)

cc: City of Ventnor

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

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**CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, AMY STOVER, Chief Financial Officer of the City of Ventnor (the "City"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to _____, _____, _____, the purchaser (the "Purchaser") of \$16,400,000 aggregate principal amount of Bond Anticipation Notes of the City dated July 2, 2024 and maturing July 1, 2025 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the City will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City (Note to (12): For the purposes of the event identified in (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City); (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a Financial Obligation (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; or (16) 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.

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

Whenever the City (i) has or obtains knowledge of the occurrence of any of the aforementioned listed events not requiring a materiality determination, or (ii) determines that the occurrence of an aforementioned listed event requiring a materiality determination would be material to the holders of the Notes, the City shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis not in excess of ten (10) business days after the occurrence of any of the aforementioned events.

The City's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the City fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the City's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the City, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City this 2nd day of July, 2024.

CITY OF VENTNOR

AMY STOVER,
Chief Financial Officer

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