

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2025**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**NOT RATED**

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the City (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

**\$13,000,000  
CITY OF SOMERS POINT,  
IN THE COUNTY OF ATLANTIC, NEW JERSEY  
BOND ANTICIPATION NOTES, SERIES 2025  
CONSISTING OF:  
\$8,500,000 General Improvement Bond Anticipation Note  
And  
\$4,500,000 Sewer Utility Bond Anticipation Note  
(NON-CALLABLE)**

**Interest Rate: \_\_\_\_%**  
**Reoffer Yield: \_\_\_\_%**  
**CUSIP No.: \_\_\_\_\_**

**Dated: Date of Delivery**

**Due: August 26, 2026**

The \$13,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2025, consisting of: (i) \$8,500,000 General Improvement Bond Anticipation Note (the “General Improvement Note”); and (ii) \$4,500,000 Sewer Utility Bond Anticipation Note (the “Utility Note”, and together with the General Improvement Note, the “Notes”), of the City of Somers Point, in the County of Atlantic, New Jersey (the “City”), are being issued to provide funds, along with other available funds of the City in the amount of \$100,000, to: (i) currently refund the City’s \$8,500,000 Bond Anticipation Notes, Series 2024, dated August 29, 2024 and maturing August 28, 2025; (ii) provide \$4,600,000 in new money to fund various capital improvements in and by the City; and (iii) pay the costs associated with the authorization, sale and issuance of the Notes.

The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York, which will act as securities depository for the Notes (“DTC”). Interest on the Notes will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See “THE NOTES – Book-Entry-Only System” herein.

The Notes are valid and legally binding obligations of the City and, 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 Notes and the interest thereon without limitation as to rate or amount.

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

The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by the City Solicitor, Law Office of Thomas G. Smith, Somers Point, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Notes. It is expected that delivery of the Notes in book-entry only form will be made at DTC in Brooklyn, New York, on or about August 27, 2025.

**BID PROPOSALS WILL BE ACCEPTED IN ACCORDANCE WITH THE NOTICE OF SALE  
ON AUGUST 19, 2025. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF  
SALE POSTED ON [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

**CITY OF SOMERS POINT, IN THE  
COUNTY OF ATLANTIC, NEW JERSEY**

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**MAYOR**

Dennis Tapp

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**CITY COUNCIL**

Charles Haberkorn, President  
Kirk Gerety  
Sean McGuigan  
Howard Dill  
Richard DePamphilis  
Mike Owen  
Janice Johnston

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**CITY ADMINISTRATOR**

Jason Frost

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**CHIEF FINANCIAL OFFICER**

Shana Kestrel

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**CITY CLERK**

Shelby R. Health

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**CITY SOLICITOR**

Law Office of Thomas G. Smith  
Somers Point, New Jersey

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**AUDITOR**

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

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**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC  
Roseland, New Jersey

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**MUNICIPAL ADVISOR**

Phoenix Advisors,  
a division of First Security Municipal Advisors, Inc.  
Hamilton, New Jersey

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No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing.

The information contained herein has been provided by the City and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the City. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

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

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

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

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE NOTES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

“CUSIP” is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed on the cover hereof is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes, and the City does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

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**OFFICIAL STATEMENT**  
**Relating to**  
**\$13,000,000**  
**CITY OF SOMERS POINT,**  
**IN THE COUNTY OF ATLANTIC, NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2025**  
**CONSISTING OF:**  
**\$8,500,000 General Improvement Bond Anticipation Note**  
**And**  
**\$4,500,000 Sewer Utility Bond Anticipation Note**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the City of Somers Point (the “City”), in the County of Atlantic (the “County”), New Jersey (the “State”), in connection with the sale and issuance of the \$13,000,000 Bond Anticipation Notes, Series 2025, consisting of: (i) \$8,500,000 General Improvement Bond Anticipation Note (the “*General Improvement Note*”); and (ii) \$4,500,000 Sewer Utility Bond Anticipation Note (the “*Utility Note*”, and together with the General Improvement Note, the “*Notes*”). This Official Statement has been executed by and on behalf of the City by the Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement contains specific information relating to the Notes including a general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. 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. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

**THE NOTES**

**General Description**

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate, all as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of DTC and its participants. The Notes are issuable as fully registered book-entry securities. Principal of and interest due on the Notes will be paid to the registered owners by the City as paying agent (the “Paying Agent”). Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

**Redemption**

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

## BOOK-ENTRY-ONLY SYSTEM\*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued in the aggregate principal amount of each series of the 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 an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Notes deposited by 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 Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the

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\* Source: The Depository Trust Company.

Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE CITY MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTE HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE NOTES. THE

RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

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

If the City, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the City will attempt to locate another qualified securities depository. If the City fails to find such a 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.

#### **AUTHORIZATION AND PURPOSE OF THE NOTES**

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “*Local Bond Law*”), and the bond ordinances adopted by the City referred to in the table below. The bond ordinances authorizing the Notes were published in full or in summary form 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 for each of the bond ordinances has concluded as of the date of this Official Statement. The Notes are being issued to provide funds, along with other available funds of the City in the amount of \$100,000, which will be used to: (i) currently refund the \$8,500,000 Bond Anticipation Notes, Series 2024, of the City, dated August 29, 2024 and maturing August 28, 2025; (ii) provide \$4,600,000 in new money to fund various capital improvements in and by the City; and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Notes.

#### *General Improvement Note*

<b><u>Ordinance No.</u></b>	<b><u>Description and Date of Adoption</u></b>	<b><u>Amount of Prior Notes Being Refunded</u></b>	<b><u>New Money</u></b>	<b><u>Amount to be Issued</u></b>
03-2020	Various capital improvements, finally adopted on June 11, 2020.	\$90,000	\$0	\$90,000
12-2022	Various capital improvements, finally adopted on June 23, 2022.	810,000	0	810,000



15-2023	Various capital improvements, finally adopted on June 22, 2023.	2,565,000	0	2,565,000
14-2024	Various capital improvements, finally adopted on June 27, 2024.	935,000	1,800,000	2,735,000
07-2025	Various capital improvements, finally adopted April 10, 2025.	<u>0</u>	<u>2,300,000</u>	<u>2,300,000</u>
<b>GENERAL IMPROVEMENT TOTAL:</b>		<b><u>\$4,400,000</u></b>	<b><u>\$4,100,000</u></b>	<b><u>\$8,500,000</u></b>

*Sewer Utility Note*

<b><u>Ordinance No.</u></b>	<b><u>Description and Date of Adoption</u></b>	<b><u>Amount of Prior Notes Being Refunded</u></b>	<b><u>New Money</u></b>	<b><u>Amount to be Issued</u></b>
16-2023	Various utility improvements, finally adopted on June 22, 2023.	\$1,500,000	\$0	\$1,500,000
20-2023	Various sewer utility capital improvements, finally adopted August 24, 2023.	1,500,000	0	1,500,000
15-2024	Various utility improvements, finally adopted on June 27, 2024.	1,000,000	0	1,000,000
08-2025	Various sewer utility capital improvements, finally adopted April 10, 2025.	<u>0</u>	<u>500,000</u>	<u>500,000</u>
<b>SEWER UTILITY TOTAL:</b>		<b><u>\$4,000,000</u></b>	<b><u>\$500,000</u></b>	<b><u>\$4,500,000</u></b>
<b>GRAND TOTAL:</b>		<b><u>\$8,400,000</u></b>	<b><u>\$4,600,000</u></b>	<b><u>\$13,000,000</u></b>

**SECURITY AND SOURCE OF PAYMENT**

The Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

**MARKET PROTECTION**

The City does not anticipate issuing any bonds or additional bond anticipation notes during the remainder of calendar year 2025.

## **CERTAIN RISK FACTORS**

### **Recent Healthcare Developments**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. 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, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have 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.

To date, the overall finances and operations of the City have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the City. The City cannot quantify any such impacts at this time.

The Plan, signed into law 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 received \$1,064,897.87 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

### **Cybersecurity**

The City relies upon a large and complex technology environment to conduct their various operations. As a result, the City faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the City has invested in multiple forms of cybersecurity and operational safeguards. In addition, the City maintains insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the City could cause material disruption of the City's finances and operations.

### **Climate**

As a coastal community, the City is susceptible to the effects of extreme weather events and natural disasters, including coastal storms and flooding, which could result in negative economic impacts. These effects may be amplified by a prolonged global temperature increase over the next several decades, which scientific studies indicate may be occurring. Scientific studies on climate change predict that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent. Coastal areas like the City are at risk of substantial flood damage over time, potentially affecting private development and public infrastructure. The economic impacts resulting from such weather events could include a loss of *ad valorem* tax revenue, interruption of

municipal services and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the City.

The City is currently an active participant in the Community Rating System (CRS) which is a voluntary incentive program that recognizes and encourages community floodplain management practices that exceed the minimum requirements of the National Flood Insurance Program. The City is the recipient of FEMA Grant Funding for flood hazard mitigation planning and improvement implementation.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

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

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of City, as annually determined by the State Director of Taxation, is shown in Appendix A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating. As of December 31, 2024, after taking into account the deductions referred to in the prior sentence, the statutory net debt of the City as a percentage of average equalized valuation is shown in Appendix A.

The City may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The City may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the bond

anticipation notes' maturity to the end of the tenth fiscal year in which the bond anticipation notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of bond anticipation notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

#### **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 must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue "emergency notes" and "special emergency notes" pursuant to the Local Budget Law.

"Tax anticipation notes" are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may 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 determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her 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 for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

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. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, payment of compensated absences, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service,

increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

In accordance with the Local Budget Law, each local unit 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 years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

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

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

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

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time state aid is certified, by the City’s Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year’s total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year’s total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes.

### **Tax Appeals**

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing

to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the City is on file with the City Clerk and is available for review during business hours.

### **TAX MATTERS**

#### **Exclusion of Interest on the 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 Notes in order to assure that interest on the Notes 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 Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The City will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and 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 Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the City observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel"), is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of 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 Notes 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 Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Notes 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 Notes, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Notes 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 Notes 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 Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Notes 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.

### **Original Issue Premium**

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds the Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable note premium, which is not deductible from gross income for federal income tax purposes. Amortizable note premium, as it amortizes, will reduce the owner’s tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Notes. Premium amortizes over the term of the Notes under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of note premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

### **Bank-Qualification**

The Notes will **not** be designated as qualified under Section 265 of the Code by the City for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated and that are designated by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.



## **Additional Federal Income Tax Consequences of Holding the Notes**

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, 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 Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

## **Changes in Federal Tax Law Regarding the Notes**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of 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 on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

## **State Taxation**

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

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

## **SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Notes are not exempt from the Rule and provided that the Notes are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the City shall provide for the benefit of the holders of the Notes and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal

Securities Rulemaking Board's Electronic Municipal Market Access dataport ("EMMA"), notice of any of the following events with respect to the Notes.

- (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 the rights of holders of the Notes, if material;
- (8) Note 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;
- (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 or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation 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 holders of the Notes, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the City, if any such event reflects financial difficulties.

The term "Financial Obligation" as used in subparagraphs (15) and (16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the City prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth herein, provided such amendment is, in the opinion of Bond Counsel, in compliance with the Rule.

In the event that the City fails to comply with the Rule requirements or the written contracts or undertakings specified in this undertaking, the City shall not be liable for monetary damages, remedy being specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The City has previously entered into secondary market disclosure undertakings in accordance with the Rule. The City appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

## **LITIGATION**

To the knowledge of Law Office of Thomas G. Smith, Somers Point, New Jersey (the “City Solicitor”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority of the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the City Solicitor, no litigation is presently pending or threatened that, in the opinion of the City Solicitor, would have a material adverse impact on the financial condition of the City if adversely decided.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976 and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy 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 such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

## **PREPARATION OF OFFICIAL STATEMENT**

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

The City Solicitor has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the City and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

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

## **RATING**

The Notes have not been rated. The City currently has a long-term rating of "AA-" from S&P Global Ratings which was assigned to the City's General Obligation Bonds, Series 2022. Such long-term rating is neither assigned nor applicable to the Notes.

## **UNDERWRITING**

The Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the "Underwriter"), at a price of \$\_\_\_\_\_ (consisting of the par amount of the Notes plus original issue premium in the amount of \$\_\_\_\_\_ minus Underwriter's discount in the amount of \$\_\_\_\_\_). The Underwriter has purchased the Notes in accordance with the Notice of Sale. The Notes are being offered for sale at the yield set forth on the cover page of this Official Statement.

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

## **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **APPROVAL OF LEGAL PROCEEDINGS**

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

## **FINANCIAL STATEMENTS**

The audited financial statements of the City, as of and for the year ended December 31, 2024, included in Appendix B to this Official Statement, have been audited by Ford, Scott & Associates, L.L.C., Ocean City, New Jersey (the “Auditor”), an independent auditor, as stated in its report appearing in Appendix “B” to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – FINANCIAL STATEMENTS OF THE CITY OF SOMERS POINT” herein.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Shana Kestrel, Chief Financial Officer, City of Somers Point, 1 West New Jersey Avenue, Somers Point, New Jersey 08244, (609) 927-9088, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

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

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the City, the Underwriter and the holders of any of the Notes. 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 contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the City since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

### **CITY OF SOMERS POINT, IN THE COUNTY OF ATLANTIC, NEW JERSEY**

**By:** \_\_\_\_\_  
Shana Kestrel, Chief Financial Officer

**Dated:** August \_\_, 2025

## **APPENDIX A**

### **GENERAL INFORMATION REGARDING THE CITY**

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

The following material presents certain economic and demographic information of the City of Somers Point (the “City”), in the County of Atlantic (the “County”), State of New Jersey (the “State”).

### **General Information**

The City is a suburban community that comprises an area of approximately five square miles, lying ten miles to the west of Atlantic City. The City is bounded on three sides by the bay, which separates it from Ocean City and Egg Harbor Township.

The City was incorporated in 1902, although the community encompassing the area traces its existence to colonial times. The City is governed by a Mayor-Council form of government. The Mayor is elected for a four-year term, six ward Council members are elected for three-year terms on a staggered basis, and one at-large Council member is elected for a four-year term.

The Council exercises the legislative power of the City by adopting ordinances and resolutions. In addition, the Council is responsible for the approval of the City budget, establishment of financial controls and setting of all salaries of elective and appointive officers and employees. A professional administrator supervises the day-to-day operations of the City departments and also is responsible for formulating the budget.

The City is primarily a residential community with a relatively large proportion of its residents employed in professional services or executive positions in the City and its neighboring communities.

### **Police Department**

The police force occupies modern headquarters in a portion of the City Hall building. The department deploys marked and unmarked patrol cars and two vehicles are utilized by the K-9 corps.

### **Fire Protection**

A volunteer fire department with approximately sixty (60) members who are trained to fight fires, covers the entire City from two modern and centrally located firehouses. The City contributes to the operating expenses of the department and also purchases the firefighting equipment.

### **Hospital and Rescue Squad Services**

Rescue squad services are provided by a shared service agreement, with Egg Harbor Township as the service provider. The contract expires in 2029.

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

Shore Memorial Hospital, a modern 300-bed medical facility, is located in the City.

### **Recreation**

Numerous recreational and athletic facilities are located throughout the City. These include nine baseball fields, one football field, which is also used for soccer and lacrosse, a paved quarter mile running track, two street hockey courts, two tennis courts, a dedicated bicycle path that runs the length of the City, boat ramps and a bathing beach. The City also provides a program of community education from September to April that includes a wide range of topics, from arts and crafts to physical exercise. The foregoing programs and facilities are supervised by a Board of Recreation that is appointed by the Mayor subject to confirmation by the City Council.

The City also has a 22-slip marina and boat pump out facility. This facility includes 20 slips for transient boaters, a slip for a fishing excursion boat with a 5-year lease, and a slip that will be used for municipal and emergency purposes.

Privately owned facilities include a golf course, indoor tennis and squash clubs and several clubs that provide well-rounded sports and exercise programs.

### **Utilities**

Atlantic City Electric provides electric service, the South Jersey Gas Company provides gas service, the New Jersey-American Water Company provides water service, and the City, with its Sewer Utility, provides sewer service to virtually the entire City. The Utility collects and pumps the sewage to facilities operated by the Atlantic County Utilities Authority and pays the County Authority for treatment and disposal.

The City provides the residents of the entire City with trash collection on a once-a-week basis the entire year. In addition, recycling collection is provided as a contract service by the Atlantic County Utilities Authority on a biweekly basis.

### **Transportation**

The City is accessible by land via (i) the Garden State Parkway, a major north-south artery running adjacent to the City, providing access to New York City; and (ii) the Atlantic City Expressway, which is twenty minutes away and leads directly to Philadelphia. The Parkway going south connects with the Cape May-Lewes ferry service, which provides a convenient, modern method of crossing the Delaware Bay to points south.

The Atlantic City International Airport (approximately twenty minutes distant) provides both commuter and regular air travel to major eastern cities.

## **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:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>City</u></b>				
2024	5,530	5,231	299	5.4%
2023	5,510	5,228	282	5.1%
2022	5,463	5,185	278	5.1%
2021	5,406	4,946	460	8.5%
2020	5,387	4,612	775	14.4%
<b><u>County</u></b>				
2024	135,506	127,836	7,670	5.7%
2023	134,796	127,750	7,046	5.2%
2022	133,129	126,553	6,576	4.9%
2021	132,882	120,696	12,186	9.2%
2020	133,624	112,361	21,263	15.9%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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 2023)**

	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$68,542	\$76,819	\$101,050
Median Family Income	86,367	94,662	123,892
Per Capita Income	39,692	41,448	53,118

Source: US Bureau of the Census

## **Population**

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

<b><u>Year</u></b>	<b><u>City</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2024 est.	10,611	1.36%	279,114	1.67%	9,500,851	2.28%
2020	10,469	-3.02	274,534	-0.01	9,288,994	5.65
2010	10,795	-7.05	274,549	8.71	8,791,894	4.49
2000	11,614	3.55	252,552	12.58	8,414,350	8.85
1990	11,216	8.58	224,327	15.56	7,730,188	4.96

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:

<b><u>Taxpayers</u></b>	<b>2024</b>	<b>% of Total</b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
Village Plaza, LLC	\$24,080,000	2.11%
Sea Aire Apartments, LLC	20,160,000	1.77%
West America, LTD	10,272,000	0.90%
IDA Development Associates, LLC	10,000,000	0.88%
MP R.E. Fund %Management Office	8,833,000	0.78%
Ocean Heights Manor, LLC	8,660,100	0.76%
Harbour Cove	8,627,000	0.76%
American Stores Realty Co LLC	8,300,000	0.73%
Avia NJ Mays Landing LLC	7,700,000	0.68%
Groveland Manor 2022 LLC	<u>7,000,000</u>	0.61%
<b>Total</b>	<b><u>\$113,632,100</u></b>	<b><u>9.97%</u></b>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024	\$40,823,143	\$40,249,070	98.59%
2023	40,162,155	39,519,983	98.40%
2022	38,021,947	37,690,315	99.13%
2021	37,241,712	36,946,169	99.21%
2020	36,626,530	36,014,337	98.33%

Source: Annual Audit Reports of the City

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024	\$334,797	\$560,393	\$895,190	2.19%
2023	303,789	504,672	808,461	2.01%
2022	273,809	442,102	715,911	1.88%
2021	217,359	353,827	571,187	1.53%
2020	188,914	581,046	769,960	2.10%

Source: Annual Audit Reports of the City

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024	\$19,412
2023	19,412
2022	19,412
2021	19,412
2020	19,412

Source: Annual Audit Reports of the City

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

The table below lists the tax rates for City residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2024	\$1.124	\$1.034	\$0.765	\$0.653	\$3.576
2023	1.109	0.98	0.743	0.638	3.470
2022	1.025	0.982	0.749	0.585	3.341
2021	1.008	0.985	0.743	0.555	3.291
2020	1.008	0.974	0.703	0.539	3.224

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$1,147,244,000	\$1,846,224,654	62.14%	\$100	\$1,846,224,754
2024	1,139,176,000	1,833,241,069	62.14	0	1,833,241,069
2023	1,146,402,400	1,691,607,496	67.77	0	1,691,607,496
2022	1,134,603,833	1,452,757,789	78.10	0	1,452,757,789
2021	1,130,903,633	1,262,310,116	89.59	0	1,262,310,116

Source: Abstract of Ratables of the County

### **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 Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2024	\$11,411,900	\$798,478,500	\$0	\$260,373,400	\$7,279,200	\$61,633,000	\$1,139,176,000
2023	9,840,000	792,342,400	0	260,307,800	7,279,200	76,633,000	1,146,402,400
2022	9,142,500	793,488,100	0	259,734,700	7,279,200	64,959,333	1,134,603,833
2021	9,045,500	790,952,200	0	259,564,200	6,946,900	64,394,833	1,130,903,633
2020	9,133,500	789,045,100	0	265,904,800	6,946,900	61,551,500	1,132,581,800

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

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

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$2,314,000	\$2,685,000	\$2,700,000	\$2,800,000	\$3,415,000
Miscellaneous Revenues	2,832,607	4,150,644	3,743,399	3,380,692	4,029,363
Receipts from Delinquent Taxes	551,000	420,000	380,000	400,000	440,000
Amount to be Raised by Taxation	<u>11,399,563</u>	<u>11,629,735</u>	<u>12,709,253</u>	<u>12,801,124</u>	<u>13,122,397</u>
Total Revenue:	<u>\$17,097,170</u>	<u>\$18,885,378</u>	<u>\$19,532,652</u>	<u>\$19,381,816</u>	<u>\$21,006,760</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$13,055,263	\$13,737,597	\$14,301,848	\$14,926,220	\$15,640,488
Operations (Excluded from CAPS)	497,771	1,530,489	1,867,386	741,663	1,496,624
Deferred Charges and Statutory Expenditures	0	0	0	0	13,887
Capital Improvement Fund	443,500	503,000	134,240	158,000	174,000
Municipal Debt Service	1,930,920	1,974,900	2,004,900	2,325,900	2,388,090
Reserve for Uncollected Taxes	<u>1,169,716</u>	<u>1,139,392</u>	<u>1,224,278</u>	<u>1,230,034</u>	<u>1,293,672</u>
Total Appropriations:	<u>\$17,097,170</u>	<u>\$18,885,378</u>	<u>\$19,532,652</u>	<u>\$19,381,816</u>	<u>\$21,006,760</u>

Source: Annual Adopted Budgets of the City

## **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.

<b><u>Fund Balance - Current Fund</u></b>		
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$4,710,384	\$3,415,000
2023	3,691,397	2,800,000
2022	2,821,389	2,700,000
2021	2,866,351	2,685,000
2020	2,406,357	2,314,000

Source: Annual Audit Reports of the City

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 Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance Sewer-Utility Operating Fund</u></b>		
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$2,732,754	\$717,217
2023	2,375,331	529,800
2022	2,167,781	283,898
2021	1,998,098	114,100
2020	1,746,039	25,000

Source: Annual Audit Reports of the City

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## **City Indebtedness as of December 31, 2024**

### **General Purpose Debt**

Serial Bonds	\$12,765,000
Bond Anticipation Notes	4,500,000
Bonds and Notes Authorized but Not Issued	2,641,387
Other Bonds, Notes and Loans	0
Total:	<u>\$19,906,387</u>

### **Local School District Debt**

Serial Bonds	\$7,038,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$7,038,000</u>

### **Regional School District Debt**

Serial Bonds	\$5,496,482
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$5,496,482</u>

### **Self-Liquidating Debt**

Serial Bonds	\$4,905,000
Bond Anticipation Notes	4,000,000
Bonds and Notes Authorized but Not Issued	3,901,750
Other Bonds, Notes and Loans	83,000
Total:	<u>\$12,889,750</u>

### **TOTAL GROSS DEBT**

**\$45,330,619**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	7,038,000
Regional School District Debt	5,496,482
Self-Liquidating Debt	12,889,750
Total:	<u>\$25,424,232</u>

### **TOTAL NET DEBT**

**\$19,906,387**

Source: Annual Debt Statement

**Overlapping Debt (as of December 31, 2024)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>City Percentage</u></b>	<b><u>City Share</u></b>
Local School District	\$7,038,000	100.00%	\$7,038,000
Regional School District	13,170,000	41.73%	5,496,482
County	259,536,488	3.60%	<u>9,335,357</u>
Net Indirect Debt			\$21,869,839
Net Direct Debt			<u>19,906,387</u>
Total Net Direct and Indirect Debt			<b><u>\$41,776,226</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2022, 2023, 2024)	\$1,659,202,118
Permitted Debt Limitation (3 1/2%)	58,072,074
Less: Net Debt	<u>19,906,387</u>
Remaining Borrowing Power	<b><u>\$38,165,688</u></b>
Percentage of Net Debt to Average Equalized Valuation	1.200%
Gross Debt Per Capita based on 2020 population of 10,469	\$4,330
Net Debt Per Capita based on 2020 population of 10,469	\$1,901

Source: Annual Debt Statement of the City

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<sup>2</sup> City percentage of County debt is based on the City's share of total equalized valuation in the County.

## **APPENDIX B**

### **FINANCIAL STATEMENTS OF THE CITY OF SOMERS POINT**

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# FORD - SCOTT

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of City Council  
City of Somers Point  
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 Somers Point, as of December 31, 2024 and 2023, 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, 2024 and the related notes to the financial statements, which collectively comprise the City'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 Somers Point as of December 31, 2024 and 2023, 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 balances sheets and account group as of December 31, 2024 and 2023, 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, 2024 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 Somers Point 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 Somers Point 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 Somers Point'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 Somers Point'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 Somers Point'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 Somers Point basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 is 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 June 20, 2025, on our consideration of the City of Somers Point'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 Somers Point'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**

**June 20, 2025**

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

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 9,857,235.29	8,763,462.44
Cash - Collector	158,429.76	222,721.42
Cash - Change and Petty Cash	500.00	500.00
Total Cash	<u>10,016,165.05</u>	<u>8,986,683.86</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	26,152.88	26,152.88
Total Other Receivables	<u>26,152.88</u>	<u>26,152.88</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	560,392.99	504,671.82
Tax Title and Other Liens	334,797.13	303,798.08
Property Acquired for Taxes - at Assessed Valuation	19,412.00	19,412.00
Revenue Accounts Receivable	4,973.40	6,305.26
Overpaid Local School Tax	-	195,759.00
Interfund Receivable:		
General Capital	40,060.38	240,060.38
Dog License Fund	6,360.96	3,440.42
Total Receivables and Other Assets	<u>965,996.86</u>	<u>1,273,446.96</u>
Deferred Charges:		
None	-	-
Total Deferred Charges	<u>-</u>	<u>-</u>
Total Regular Fund	<u>11,008,314.79</u>	<u>10,286,283.70</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,906,251.60	1,465,654.00
Due from Current Fund	956,370.83	769,798.45
Total Federal and State Grant Fund	<u>2,862,622.43</u>	<u>2,235,452.45</u>
Total Current Fund	<u>\$ 13,870,937.22</u>	<u>12,521,736.15</u>

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



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

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,724,870.10	1,646,242.49
Reserve for Encumbrances	260,417.78	346,739.61
Accounts Payable	50,265.16	14,887.23
Prepaid Taxes	442,335.83	468,121.59
Overpaid Taxes	152,859.48	158,943.40
Local School Tax Payable	10.00	15,976.00
Regional School Tax Payable	73.40	73.91
Payroll Taxes Payable	5,034.12	5,034.12
County Added Tax Payable	15,747.73	69,239.47
Due to State:		
Marriage Licenses	375.00	875.00
CCO Fees	3,118.00	4,178.00
Interfund Payable:		
Grant Fund	956,370.83	769,798.45
Sewer Operating	7,400.91	7,400.91
Sewer Capital	1,490,832.00	1,490,832.00
Other		
Reserve for Revaluation	90,658.60	90,658.60
Reserve for Hurricane Sandy	40,565.08	40,565.08
Reserve for Municipal Relief Fund	-	100,873.61
Reserve for Demolition of Buildings	91,000.00	91,000.00
	<u>5,331,934.02</u>	<u>5,321,439.47</u>
Reserve for Receivables and Other Assets	965,996.86	1,273,446.96
Fund Balance	<u>4,710,383.91</u>	<u>3,691,397.27</u>
Total Regular Fund	<u>11,008,314.79</u>	<u>10,286,283.70</u>
Federal and State Grant Fund:		
Unappropriated Reserves	2,514.52	2,420.51
Appropriated Reserves	2,573,650.13	1,583,652.37
Encumbrances Payable	286,457.78	649,379.57
	<u>2,862,622.43</u>	<u>2,235,452.45</u>
Total Federal and State Grant Fund	<u>2,862,622.43</u>	<u>2,235,452.45</u>
Total Current Fund	<u>\$ 13,870,937.22</u>	<u>12,521,736.15</u>

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

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

	2024	2023
Revenue and Other Income Realized		
Fund Balance	\$ 2,800,000.00	2,700,000.00
Miscellaneous Revenue Anticipated	5,268,274.73	4,835,974.11
Receipts from Delinquent Taxes	555,776.50	622,194.46
Receipts from Current Taxes	40,249,069.98	39,519,982.68
Non Budget Revenue	396,237.87	299,849.28
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,561,108.82	1,612,872.40
Interfund Returned	395,759.00	59,113.24
Cancellation of Prior Year Liabilities	77,798.96	71,002.41
Total Income	<u>51,304,025.86</u>	<u>49,720,988.58</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,748,400.00	6,878,150.00
Other Expenses	6,098,220.00	5,435,131.00
Deferred Charges & Statutory Expenditures	2,079,600.00	1,988,567.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	195,788.00	204,221.00
Other Expenses	1,794,599.35	2,292,083.76
Capital Improvements	158,000.00	134,240.00
Debt Service	2,325,044.55	2,004,626.11
Local District School Tax	11,784,692.00	11,232,366.00
Regional District School Tax	8,716,327.00	8,520,292.00
County Tax	7,432,348.28	7,317,522.76
County Share of Added Tax	15,747.73	69,239.47
Interfund Created	-	62,200.00
Cancellation of Prior Year Revenue	-	9,040.15
Refund of Prior Year Revenue	136,272.31	3,300.96
Total Expenditures	<u>47,485,039.22</u>	<u>46,150,980.21</u>
Excess in Revenue	<u>3,818,986.64</u>	<u>3,570,008.37</u>

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

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

	<u>2024</u>	<u>2023</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
None	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>3,818,986.64</u>	<u>3,570,008.37</u>
Fund Balance January 1	<u>3,691,397.27</u>	<u>2,821,388.90</u>
	7,510,383.91	6,391,397.27
Decreased by:		
Utilization as Anticipated Revenue	<u>2,800,000.00</u>	<u>2,700,000.00</u>
Fund Balance December 31	\$ <u><u>4,710,383.91</u></u>	<u><u>3,691,397.27</u></u>

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

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 2,800,000.00		2,800,000.00	-
Total Fund Balance Anticipated	2,800,000.00	-	2,800,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	23,000.00		24,300.00	1,300.00
Fees and Permits	40,000.00		56,846.76	16,846.76
Fines and Costs:				
Municipal Court	65,000.00		67,972.68	2,972.68
Interest and Costs on Taxes	80,000.00		129,898.57	49,898.57
Interest Earned on Investments	150,000.00		398,676.14	248,676.14
Fees and Permits - Chapter 115 Inspections	110,000.00		216,063.00	106,063.00
Cable TV Franchise Fee	45,000.00		49,615.59	4,615.59
Hotel Fee	200,000.00		223,061.54	23,061.54
Total Section A: Local Revenues	713,000.00	-	1,166,434.28	453,434.28
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	978,628.00		978,628.14	0.14
Municipal Relief Fund	100,873.61		100,873.61	-
Total Section B: State Aid Without Offsetting Appropriations	1,079,501.61	-	1,079,501.75	0.14
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	255,000.00		272,248.00	17,248.00
Total Section C: Uniform Construction Code Fees	255,000.00	-	272,248.00	17,248.00

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Safe and Secure Communities Program	17,588.00		17,588.00	-
Body Armor Grant	2,419.64		2,419.64	-
Local Arts Program - Arts Commission	4,600.00	600.00	5,200.00	-
Local Arts Program - Beach Concerts	7,800.00		7,800.00	-
Clean Communities		36,555.29	36,555.29	-
Recycling Tonnage		12,011.85	12,011.85	-
NJDOT Trust Fund Authority Act	368,175.00		368,175.00	-
New Jersey Department of Transportation				
Safe Routes to Schools		771,000.00	771,000.00	
Reconstruction of Ambler Drive Phase I		343,785.00	343,785.00	-
NJ Department of Community Affairs				
Division of Housing and Community Resources				
Neighborhood Preservation Program				
Bayfront Preservation	125,000.00	37,500.00	162,500.00	-
Sustainable Communities Environmental Stewardship		5,000.00	5,000.00	-
National Opiods Settlement		42,272.57	42,272.57	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	525,582.64	1,248,724.71	1,774,307.35	-

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Bayview Court - PILOT	131,608.04		147,778.61
Shore Medical Center	226,000.00		2,094.72
SP Preservation Pilot	450,000.00		18,301.98
Total Section G: Other Special Items	807,608.04	-	168,175.31
Total Miscellaneous Revenues:	3,380,692.29	1,248,724.71	638,857.73
Receipts from Delinquent Taxes	400,000.00		155,776.50
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	12,801,124.07		728,864.62
Total Amount to be Raised by Taxes for Support of of Municipal Budget	12,801,124.07	-	728,864.62
Budget Totals	19,381,816.36	1,248,724.71	1,523,498.85
Non- Budget Revenues:			
Other Non- Budget Revenues:	-		396,237.87
	\$ 19,381,816.36	1,248,724.71	1,919,736.72

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	40,249,069.98
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		40,249,069.98
Allocated to:		
School, County and Other Taxes		<u>27,949,115.01</u>
Balance for Support of Municipal Budget Appropriations		12,299,954.97
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,230,033.72</u>
Amount for Support of Municipal Budget Appropriations		<u><u>13,529,988.69</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	555,776.50	
Tax Title Lien Collections	<u>-</u>	
Total Receipts from Delinquent Taxes		<u><u>555,776.50</u></u>

Analysis of Non-Budget Revenue:

Tax Collector:		
Tax Collector Miscellaneous		2,049.46

Miscellaneous Revenue Not Anticipated:

Bingo and Raffle Licenses	960.00	
Vital Statistics	55,653.00	
Mercantile Licenses	89,770.00	
Planning & Zoning Board Fees	34,155.00	
Senior/Vet 2% Administrative Fee	1,135.00	
Search Fees	1,610.00	
Fishing Pier Lease	6,615.00	
Street Openings	11,580.00	
Marina Fees	10,000.00	
Parking Fees - ParkMobile	281.00	
Miscellaneous	<u>182,429.41</u>	
Total Treasurer		<u>394,188.41</u>
Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>396,237.87</u></u>

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, 2024**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor and Council						
Salaries and Wages	\$ 69,000.00	69,000.00	68,929.64		70.36	
Other Expenses	89,000.00	89,000.00	48,180.58		40,819.42	
Veteran Events	1,500.00	1,500.00	1,500.00		-	
Department of General Administration						
Salaries and Wages	113,000.00	113,000.00	92,000.06		20,999.94	
Other Expenses	55,000.00	55,000.00	52,908.81	719.00	1,372.19	
Department of City Clerk						
Salaries and Wages	229,100.00	229,100.00	196,171.77		32,928.23	
Other Expenses	67,200.00	67,200.00	54,681.97	7,074.40	5,443.63	
Data Processing						
Other Expenses	60,000.00	60,000.00	57,876.77		2,123.23	
Department of Finance						
Salaries and Wages	91,300.00	91,300.00	87,555.07		3,744.93	
Other Expenses	72,000.00	72,000.00	37,715.87	1,990.00	32,294.13	
Annual Audit						
Other Expenses	49,000.00	49,000.00	46,750.00		2,250.00	
Department of Tax Assessment						
Salaries and Wages	15,000.00	15,000.00	-		15,000.00	
Other Expenses	90,000.00	90,000.00	84,866.85	1,337.50	3,795.65	
Department of Tax Collections						
Salaries and Wages	92,900.00	82,900.00	65,034.10		17,865.90	
Other Expenses	22,000.00	22,000.00	19,252.53	542.61	2,204.86	
Legal Services and Costs						
Other Expenses	265,000.00	265,000.00	263,918.93		1,081.07	
Municipal Prosecutor						
Other Expenses	22,000.00	22,000.00	20,500.00		1,500.00	
Engineering Services and Costs						
Other Expenses	25,000.00	25,000.00	5,070.00		19,930.00	
Public Buildings and Grounds						
Salaries and Wages	200,000.00	200,000.00	172,227.56		27,772.44	
Other Expenses	96,000.00	96,000.00	75,107.09	8,456.28	12,436.63	
Vehicle Maintenance						
Planning Board	150,000.00	180,000.00	151,260.19	16,309.96	12,429.85	
Salaries and Wages	22,800.00	22,800.00	22,800.00		-	
Other Expenses	26,400.00	26,400.00	6,489.48	550.00	19,360.52	
Zoning Board						
Salaries and Wages	22,800.00	22,800.00	16,272.19		6,527.81	
Other Expenses	18,100.00	18,100.00	6,786.25		11,313.75	



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY</b>						
Department of Fire						
Salaries and Wages	42,200.00	42,200.00	42,200.00	-	-	
Other Expenses	159,200.00	159,200.00	130,796.37	107.00	28,296.63	
Department of the Police						
Salaries and Wages	3,490,700.00	3,490,700.00	3,254,723.89		235,976.11	
Other Expenses	219,900.00	219,900.00	125,712.27	27,352.49	66,835.24	
Department of Communications						
Salaries and Wages	431,200.00	431,200.00	417,359.64		13,840.36	
Other Expenses	21,500.00	21,500.00	-		21,500.00	
Department of Emergency Management						
Salaries and Wages	12,500.00	12,500.00	10,000.00		2,500.00	
Other Expenses	8,000.00	8,000.00	2,369.61		5,630.39	
Bureau of Fire Prevention						
Salaries and Wages	2,000.00	2,000.00	-		2,000.00	
Other Expenses	2,000.00	2,000.00	2,000.00		-	
Department of Zoning/Code Enforcement						
Salaries and Wages	54,200.00	54,200.00	49,580.30		4,619.70	
Other Expenses	24,000.00	24,000.00	7,876.72	2,603.81	13,519.47	
Demolitions	5,000.00	5,000.00	-		5,000.00	
Emergency Medical Services						
Other Expenses	60,000.00	60,000.00	42,000.00		18,000.00	
<b>PUBLIC WORKS</b>						
Department of Public Works						
Salaries and Wages	652,800.00	642,800.00	613,741.17		29,058.83	
Other Expenses	78,800.00	83,800.00	70,080.11	11,516.94	2,202.95	
Division of Sanitation						
Salaries and Wages	592,000.00	592,000.00	528,904.90		63,095.10	
Other Expenses	271,300.00	276,300.00	222,544.02	41,024.99	12,730.99	
Sanitation - Transfer Fees	330,000.00	330,000.00	272,458.41	57,541.59	-	
<b>HEALTH AND WELFARE</b>						
Animal Control Services						
Other Expenses	10,000.00	10,000.00	8,800.00		1,200.00	
<b>RECREATION AND EDUCATION</b>						
Department of Parks and Recreation Programs						
Salaries and Wages	50,000.00	50,000.00	42,970.95		7,029.05	
Other Expenses	65,000.00	65,000.00	53,325.92	2,711.66	8,962.42	

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, 2024**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Department of Parks and Recreation Facilities						
Salaries and Wages	227,000.00	227,000.00	208,274.88		18,725.12	
Other Expenses	54,000.00	59,000.00	51,952.68	1,850.00	5,197.32	
Environmental Commission						
Other Expenses	2,000.00	2,000.00	223.33		1,776.67	
Economic Development and Advisory Commission						
Other Expenses	36,800.00	36,800.00	26,192.96	10,607.04	-	
Historic Preservation Commission						
Other Expenses	3,000.00	3,000.00	504.00		2,496.00	
Arts Commission						
Other Expenses	4,000.00	4,000.00	4,000.00		-	
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	181,000.00	181,000.00	147,792.71		33,207.29	
Other Expenses	22,600.00	22,600.00	10,993.52	591.85	11,014.63	
Public Defender (P.L. 1997, C.256)						
Other Expenses	14,000.00	14,000.00	12,100.00		1,900.00	
INSURANCE						
General Liability	183,000.00	183,000.00	161,056.69		21,943.31	
Workers Compensation Insurance	421,000.00	421,000.00	399,672.46		21,327.54	
Employee Group Health	1,911,520.00	1,847,520.00	1,521,736.19	9,688.66	316,095.15	
Surety Bond Premiums	1,000.00	1,000.00	-		1,000.00	
Health Waiver - Employee Opt Out	50,000.00	50,000.00	38,220.64		11,779.36	
Municipal Service Act						
Other Expenses	95,000.00	95,000.00	13,136.60		81,863.40	
Apartment Trash Collection						
Other Expenses	57,000.00	57,000.00	-	57,000.00	-	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Salaries and Wages	126,900.00	126,900.00	125,706.00		1,194.00	
Other Expenses	35,200.00	35,200.00	33,515.10	842.00	842.90	
UNCLASSIFIED						
Utility Expenses and Bulk Purchases						
Gasoline	75,000.00	75,000.00	64,902.34		10,097.66	
Diesel Fuel	75,000.00	65,000.00	48,431.18		16,568.82	
Fire Hydrant Water	144,000.00	144,000.00	102,661.95		41,338.05	
Electric	180,000.00	170,000.00	113,877.48		56,122.52	

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, 2024**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Street Lighting	180,000.00	196,000.00	149,918.96		46,081.04	
Telephone	70,000.00	108,000.00	81,621.37		26,378.63	
Natural Gas	45,000.00	35,000.00	27,431.14		7,568.86	
Water	74,400.00	89,400.00	75,508.22		13,891.78	
Fuel #2	1,000.00	1,000.00	-		1,000.00	
Waste Water	7,800.00	7,800.00	5,404.00		2,396.00	
Telecommunications Costs	22,000.00	22,000.00	19,417.12		2,582.88	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>12,845,620.00</b>	<b>12,845,620.00</b>	<b>10,995,551.51</b>	<b>260,417.78</b>	<b>1,589,650.71</b>	<b>-</b>
Contingent	1,000.00	1,000.00	-	-	1,000.00	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>12,846,620.00</b>	<b>12,846,620.00</b>	<b>10,995,551.51</b>	<b>260,417.78</b>	<b>1,590,650.71</b>	<b>-</b>
Detail:						
Salaries and Wages	6,768,400.00	6,748,400.00	6,200,465.47	-	547,934.53	-
Other Expenses	6,078,220.00	6,098,220.00	4,795,086.04	260,417.78	1,042,716.18	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	508,000.00	508,000.00	507,456.00	-	544.00	
Social Security System (O.A.S.I.)	527,600.00	527,600.00	443,224.50	-	84,375.50	
Police and Firemen's Retirement System	1,009,000.00	1,009,000.00	1,008,629.00	-	371.00	
Unemployment Compensation Insurance	20,000.00	20,000.00	-	-	20,000.00	
Defined Contribution Retirement Program	15,000.00	15,000.00	12,981.61	-	2,018.39	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>2,079,600.00</b>	<b>2,079,600.00</b>	<b>1,972,291.11</b>	<b>-</b>	<b>107,308.89</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>14,926,220.00</b>	<b>14,926,220.00</b>	<b>12,967,842.62</b>	<b>260,417.78</b>	<b>1,697,959.60</b>	<b>-</b>

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, 2024**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
LOSAP	20,000.00	20,000.00	-	-	20,000.00	
Recycling Tax	12,000.00	12,000.00	10,969.50	-	1,030.50	
Employee Group Health	5,880.00	5,880.00		-	5,880.00	
	<u>37,880.00</u>	<u>37,880.00</u>	<u>10,969.50</u>	<u>-</u>	<u>26,910.50</u>	<u>-</u>
<b>(A) Public and Private Programs Off-Set by Revenues</b>						
Safe and Secure Communities Program						
State Share	17,588.00	17,588.00	17,588.00		-	
City Share	178,200.00	178,200.00	178,200.00		-	
Matching Funds	-	-	-		-	
Body Armor Grant	2,419.64	2,419.64	2,419.64		-	
Clean Communities	-	36,555.29	36,555.29		-	
Recycling Tonnage Grant	-	12,011.85	12,011.85		-	
Local Arts - Arts Commission	4,600.00	5,200.00	5,200.00		-	
Local Arts - Beach Concerts	7,800.00	7,800.00	7,800.00		-	
Sustainable Communities Environmental Stewardship	-	5,000.00	5,000.00		-	
National Opiod Settlement	-	42,272.57	42,272.57		-	
NPP Bayfront Preservation	125,000.00	162,500.00	162,500.00		-	
NJDOT Trust Fund Authority Act						
Reconstruction of New Jersey Avenur	368,175.00	368,175.00	368,175.00		-	
Reconstruction of Ambler Road Phase I	-	343,785.00	343,785.00			
Safe Routes to Schools Program	-	771,000.00	771,000.00			
	<u>703,782.64</u>	<u>1,952,507.35</u>	<u>1,952,507.35</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Public and Private Programs Off-Set by Revenues</b>						
	741,662.64	1,990,387.35	1,963,476.85	-	26,910.50	-
<b>Total Operations - Excluded from "CAPS"</b>						
Detail:						
Salaries and Wages	195,788.00	195,788.00	195,788.00	-	-	-
Other Expenses	545,874.64	1,794,599.35	1,767,688.85	-	26,910.50	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
(C) Capital Improvements					
Capital Improvement Fund	158,000.00	158,000.00	158,000.00	-	-
Public and Private Programs Offset by Revenues:					
None	-	-	-	-	-
Total Capital Improvements	158,000.00	158,000.00	158,000.00	-	-
(D) Debt Service					
Payment of Bond Principal	1,495,000.00	1,495,000.00	1,495,000.00		-
Payment of Bond Anticipation and Capital Notes	200,000.00	200,000.00	200,000.00	-	-
Interest on Bonds	540,900.00	540,900.00	540,900.00		-
Interest on Notes	90,000.00	90,000.00	89,144.55	-	855.45
Total Debt Service	2,325,900.00	2,325,900.00	2,325,044.55	-	855.45
(E) Deferred Charges					
None	-	-	-	-	-
Total Deferred Charges	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,225,562.64	4,474,287.35	4,446,521.40	-	855.45
SUBTOTAL GENERAL APPROPRIATIONS	18,151,782.64	19,400,507.35	17,414,364.02	260,417.78	855.45
(M) Reserve for Uncollected Taxes	1,230,033.72	1,230,033.72	1,230,033.72	-	
TOTAL GENERAL APPROPRIATIONS	\$ 19,381,816.36	20,630,541.07	18,644,397.74	260,417.78	855.45
Budget					
Appropriations by 40A-4-87		19,381,816.36			\$ 855.45
Emergency Appropriations		1,248,724.71			-
		-			
	\$ 20,630,541.07				\$ 855.45
Reserve for Uncollected Taxes					
Federal and State Grants		1,230,033.72			
Deferred Charges		1,952,507.35			
Due to General Capital		-			
Disbursements		200,000.00			
		15,261,856.67			
	\$ 18,644,397.74				

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

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

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Animal Control Fund:		
Cash	\$ 12,860.76	10,729.31
	<u>12,860.76</u>	<u>10,729.31</u>
Length of Service Award Program		
Investment held for LOSAP	<u>267,401.49</u>	<u>267,401.49</u>
	<u>267,401.49</u>	<u>267,401.49</u>
Other Funds:		
Cash - Treasurer	1,835,178.86	1,535,293.23
Due from General Capital Fund	<u>350.00</u>	<u>350.00</u>
	<u>1,835,528.86</u>	<u>1,535,643.23</u>
	<u><u>2,115,791.11</u></u>	<u><u>1,813,774.03</u></u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Animal Control Fund:		
Due to Current Fund	6,360.96	3,440.42
Due to State of New Jersey	1.20	327.00
Reserve for Animal Control Fund Expenditures	<u>6,498.60</u>	<u>6,961.89</u>
	<u>12,860.76</u>	<u>10,729.31</u>
Length of Service Award Program		
Investment held for LOSAP	<u>267,401.49</u>	<u>267,401.49</u>
	<u>267,401.49</u>	<u>267,401.49</u>
Other Funds:		
Miscellaneous Reserves	<u>1,835,528.86</u>	<u>1,535,643.23</u>
	<u>1,835,528.86</u>	<u>1,535,643.23</u>
Total	\$ <u><u>2,115,791.11</u></u>	<u><u>1,813,774.03</u></u>

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>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 3,230,073.16	2,743,545.57
Deferred Charges to Future Taxation -		
Funded	12,765,000.00	14,260,000.00
Unfunded	7,141,386.56	4,349,386.56
	<u>23,136,459.72</u>	<u>21,352,932.13</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,783,614.46	1,318,324.77
Bond Anticipation Notes Payable	4,500,000.00	2,640,000.00
Serial Bonds Payable	12,765,000.00	14,260,000.00
Improvement Authorizations:		
Funded	337,151.17	331,314.61
Unfunded	3,573,399.68	2,470,963.34
Due to Current Fund	40,060.38	240,060.38
Due to Trust Fund	350.00	350.00
Reserve for Bequest - JFK Park	23,000.00	23,000.00
Reserve for Acquisition of Vehicle	10,000.00	10,000.00
Reserve for Debt Service	49,933.28	4,968.28
Capital Improvement Fund	5,805.00	5,805.00
Fund Balance	48,145.75	48,145.75
	<u>\$ 23,136,459.72</u>	<u>21,352,932.13</u>

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

2023	1,709,386.56
2024	2,641,386.56

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

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

	<u>2024</u>	<u>2023</u>
Beginning Balance January 1	\$ 48,145.75	73,145.75
Decreased by:		
Anticipated Revenue in Current Fund	-	25,000.00
Ending Balance December 31	\$ <u>48,145.75</u>	<u>48,145.75</u>

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



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

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash and Investments	\$ 7,173,326.02	6,951,711.95
Change Fund	400.00	400.00
Due from Current Fund	7,400.91	7,400.91
	<u>7,181,126.93</u>	<u>6,959,512.86</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	86,217.04	80,836.43
Sewer Liens	6,010.38	5,817.38
	<u>92,227.42</u>	<u>86,653.81</u>
Deferred Charges:		
None	-	-
	<u>-</u>	<u>-</u>
Total of Operating Fund	<u>7,273,354.35</u>	<u>7,046,166.67</u>
Capital Fund:		
Due from Current Fund	1,490,832.00	1,490,832.00
Due from Sewer Operating Fund	4,166,414.15	3,988,979.48
Fixed Capital -		
Complete	9,475,727.42	9,475,727.42
Authorized and Uncompleted	15,236,750.00	13,726,750.00
Total of Capital Fund	<u>30,369,723.57</u>	<u>28,682,288.90</u>
Total Assets	<u>\$ 37,643,077.92</u>	<u>35,728,455.57</u>

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

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

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 151,866.25	429,340.65
Encumbrances Payable	44,990.54	98,972.44
Accounts Payable	8,993.57	-
Sewer Rent Prepayments	8,426.13	9,404.25
Due to Sewer Capital	4,166,414.15	3,988,979.48
Accrued Interest on Bonds and Notes	67,681.94	57,485.42
	<u>4,448,372.58</u>	<u>4,584,182.24</u>
Reserve for Receivables	92,227.42	86,653.81
Fund Balance	2,732,754.35	2,375,330.62
Total of Operating Fund	<u>7,273,354.35</u>	<u>7,046,166.67</u>
Capital Fund:		
Encumbrances Payable	305,391.69	726,074.28
Improvement Authorizations		
Funded	202,302.41	270,460.28
Unfunded	8,510,172.99	8,873,932.86
Bond Anticipation Notes Payable	4,000,000.00	1,500,000.00
Serial Bonds Payable	4,905,000.00	5,385,000.00
NJEIT Bonds Payable	83,000.00	161,000.00
Reserve to Pay Debt	129,382.78	89,347.78
Reserves for Amortization	11,730,813.01	11,172,813.01
Deferred Reserve for Amortization	91,914.41	91,914.41
Fund Balance	411,746.28	411,746.28
Total of Capital Fund	<u>30,369,723.57</u>	<u>28,682,288.90</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 37,643,077.92</u>	<u>35,728,455.57</u>
There were Bonds and Notes Authorized But Not Issued at December 31,		
2023	4,891,750.00	
2024	3,901,750.00	

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

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

	2024	2023
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 529,800.00	283,897.68
Rents	2,784,354.95	2,782,559.46
Miscellaneous	585,762.93	254,497.85
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	262,732.82	201,987.48
		-
Total Income	<u>4,162,650.70</u>	<u>3,522,942.47</u>
<u>Expenditures</u>		
Operations:		
Salaries and Wages	746,300.00	665,000.00
Other Expenses	525,300.00	432,100.00
Atlantic County Utility Authority	1,100,000.00	1,100,000.00
Debt Service	845,826.97	743,197.06
Deferred Charges and Statutory Expenditures	58,000.00	91,197.68
Total Expenditures	<u>3,275,426.97</u>	<u>3,031,494.74</u>
Excess in Revenues	887,223.73	491,447.73
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	887,223.73	491,447.73
Fund Balance January 1	2,375,330.62	2,167,780.57
Decreased by:		
Utilization as Anticipated Revenue	529,800.00	283,897.68
Fund Balance December 31	\$ <u><u>2,732,754.35</u></u>	<u><u>2,375,330.62</u></u>

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

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

	<u>2024</u>	<u>2023</u>
Balance January 1,	\$ 411,746.28	411,746.28
No Activity		
Balance December 31,	\$ <u>411,746.28</u>	<u>411,746.28</u>

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

**SEWER OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Antic. Budget	Realized	Excess Or (Deficit)
Operating Surplus Anticipated	\$ 529,800.00	529,800.00	-
Rents - Sewer	2,760,000.00	2,784,354.95	24,354.95
	<u>\$ 3,289,800.00</u>	<u>3,314,154.95</u>	<u>24,354.95</u>

**Analysis of Realized Revenue**

Rents

Consumer Accounts Receivable	\$ <u>2,784,354.95</u>
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Miscellaneous

Interest on Delinquent Rents	14,779.09
Interest Earned	232,589.85
Connection Fees	15,305.75
Interest & Costs	346.50
Egg Harbor Township Shared Service	322,741.74
Miscellaneous	<u>-</u>
	\$ <u>585,762.93</u>

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

**SEWER OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Appropriations		Expended			(Overexpended)/ Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>OPERATING</b>						
Salaries and Wages	\$ 746,300.00	746,300.00	719,526.39		26,773.61	
Other Expenses	525,300.00	525,300.00	435,286.82	44,990.54	45,022.64	
ACUA - Share of Costs	1,100,000.00	1,100,000.00	1,019,930.00		80,070.00	
	<u>2,371,600.00</u>	<u>2,371,600.00</u>	<u>2,174,743.21</u>	<u>44,990.54</u>	<u>151,866.25</u>	<u>-</u>
<b>DEBT SERVICE</b>						
Payment on Bond Principal	480,000.00	480,000.00	480,000.00			-
Payment on Bond Anticipation Notes and Capital Notes	100.00	100.00	-			100.00
Interest on Bonds	219,000.00	219,000.00	214,877.08	-		4,122.92
Interest on Notes	75,000.00	75,000.00	64,899.89			10,100.11
NJEIT Loan - Principal	78,000.00	78,000.00	78,000.00			-
NJEIT Loan - Interest	8,100.00	8,100.00	8,050.00			50.00
	<u>860,200.00</u>	<u>860,200.00</u>	<u>845,826.97</u>	<u>-</u>	<u>-</u>	<u>14,373.03</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Deferred Charges	-	-				-
None						
Contribution to: Social Security System (O.A.S.I.)	58,000.00	58,000.00	58,000.00		-	
	<u>58,000.00</u>	<u>58,000.00</u>	<u>58,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,289,800.00</u>	<u>3,289,800.00</u>	<u>3,078,570.18</u>	<u>44,990.54</u>	<u>151,866.25</u>	<u>14,373.03</u>
	\$					
		Accrued Interest \$	287,826.97		Cancelled	14,373.03
		Deferred Charges	0.00		Overexpended	0.00
		Disbursed	2,790,743.21			<u>14,373.03</u>
		\$	<u>3,078,570.18</u>			<u><u>14,373.03</u></u>

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

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

	<u>2024</u>	<u>2023</u>
General Fixed Assets:		
Land and Improvements	\$ 8,367,676.50	8,367,676.50
Buildings and Improvements	6,579,471.90	6,497,980.95
Machinery and Equipment	10,860,607.54	10,785,301.29
Total General Fixed Assets	<u>25,807,755.94</u>	<u>25,650,958.74</u>
 Investment in General Fixed Assets	 <u>\$ 25,807,755.94</u>	 <u>25,650,958.74</u>

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

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

**B. Description of Funds**

The accounting policies of the City of Somers Point 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 Somers Point 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.

**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 City's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City'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



**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

are due to the City 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 City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$3,000 are capitalized. No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the 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.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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 Somers Point 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 City operates a 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 semi-annually installments on March 1, and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the City 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 Somers Point 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 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 City'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.

**CITY OF SOMERS POINT  
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**F. Recent Accounting Pronouncements Not Yet Effective**

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.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the City's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the City's financial reporting.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2024 and 2023 statutory budgets included a reserve for uncollected taxes in the amount of \$1,230,033.72 and \$1,224,277.58. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2024 and 2023 statutory budgets was \$2,800,000.00 and \$2,700,000.00. In addition, the City 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 City. 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 2024 and 2023 utility budgets was \$529,800.00 and \$283,897.68.

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 City Council. The following significant budget transfers were approved in the 2024 and 2023 calendar years:

Budget Category	2024	2023
<u>Current Fund</u>		
Legal Services and Costs		
Other Expenses	\$ -	25,000.00
Public Buildings and Grounds		
Vehicle Maintenance	30,000.00	-
Workers Compensation Insurance	-	26,000.00
Employee Group Health Insurance	(64,000.00)	(77,000.00)
Unclassified:		
Street Lighting	-	20,000.00
Telephone	38,000.00	-
Water	-	20,000.00
Social Security System (OASI)	-	25,000.00
<u>Utility Operating Fund</u>		
None		-

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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 2024 and 2023, the following budget insertions were approved:

Budget Category	2024	2023
City of Long Beach vs Monstanto Co. Settlement	\$ -	17,414.03
Recycling Tonnage Grant	12,011.85	12,377.01
Clean Communities	36,555.29	32,183.97
NJDOT-Safe Routes to Schools	771,000.00	25,000.00
NJDOT-Reconstruction of Ambler Drive Phase I	343,785.00	500,000.00
NJDCA-NPP-Bayfront Preservation	37,500.00	-
National Opioids Settlement	42,272.57	22,943.68
Sustainable Communities Environmental Stewardship	5,000.00	5,000.00
Local Arts Program - Arts Commission	600.00	5,050.00
Local Arts Program - Beach Concerts	-	8,950.00

The City 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. During 2024 and 2023, City Council did not approve any emergency appropriations.

**Note 3: INVESTMENTS**

As of December 31, 2024 and 2023, the municipality had no investments, other than as noted below.

**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 types 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 City can invest in any one issuer.

**Investments – Length of Service Award Program (LOSAP)**

As more fully described in Note 18, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by MassMutual, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2024 and 2023 amounted to \$267,401.49 and \$267,401.49, respectively.

**CITY OF SOMERS POINT  
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**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2024 and 2023, \$0 of the municipality's bank balance of \$22,517,970.83 and \$18,412,537.64 was 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, 2024 and 2023:

	Balance 12/31/2023	Additions	Retirements/ Adjustments	Balance 12/31/2024
Land and Improvements	\$ 8,367,676.50	-	-	8,367,676.50
Buildings and Improvements	6,497,980.95	-	81,490.95	6,579,471.90
Machinery and Equipment	10,785,301.29	184,574.23	(109,267.98)	10,860,607.54
	<u>\$ 25,650,958.74</u>	<u>184,574.23</u>	<u>(27,777.03)</u>	<u>25,807,755.94</u>

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land and Improvements	\$ 8,367,676.50			8,367,676.50
Buildings and Improvements	6,494,125.83	3,855.12		6,497,980.95
Machinery and Equipment	9,881,592.84	903,708.45		10,785,301.29
	<u>\$ 24,743,395.17</u>	<u>907,563.57</u>	<u>-</u>	<u>25,650,958.74</u>

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/23	Issued	Retired	Balance 12/31/24
Bond Anticipation Notes payable:				
General	\$ 2,640,000.00	2,060,000.00	200,000.00	4,500,000.00
Utility	1,500,000.00	2,500,000.00	-	4,000,000.00
	<u>\$ 4,140,000.00</u>	<u>4,560,000.00</u>	<u>200,000.00</u>	<u>8,500,000.00</u>
	Balance 12/31/22	Issued	Retired	Balance 12/31/23
Bond Anticipation Notes payable:				
General	\$ -	2,640,000.00		2,640,000.00
Utility	-	1,500,000.00		1,500,000.00
	<u>\$ -</u>	<u>4,140,000.00</u>	<u>-</u>	<u>4,140,000.00</u>

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The bond anticipation note is held by TD Securities (USA) LLC. and will mature on August 28, 2025, with interest payable at 4.50% per annum. It is the City's intent to issue permanent debt upon maturity of this bond anticipation note.

**Note 7: LONG TERM DEBT.**

Long-term debt as of December 31, 2024 and 2023 consisted of the following:

	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due Within One Year
Bonds payable:					
General	\$ 14,260,000.00	-	1,495,000.00	12,765,000.00	1,600,000.00
Utility	5,546,000.00	-	558,000.00	4,988,000.00	588,000.00
Total	19,806,000.00	-	2,053,000.00	17,753,000.00	2,188,000.00
Other liabilities:					
Compensated Absences Payable	1,192,891.52	78,517.26	28,147.65	1,243,261.13	-
Total long-term liabilities	<u>\$ 20,998,891.52</u>	<u>78,517.26</u>	<u>2,081,147.65</u>	<u>18,996,261.13</u>	<u>2,188,000.00</u>
	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Amounts Due Within One Year
Bonds payable:					
General	\$ 15,675,000.00		1,415,000.00	14,260,000.00	1,495,000.00
Utility	6,049,305.25		503,305.25	5,546,000.00	558,000.00
Total	21,724,305.25	-	1,918,305.25	19,806,000.00	2,053,000.00
Other liabilities:					
Compensated Absences Payable	1,258,637.15	34,502.88	100,248.51	1,192,891.52	20,000.00
Total long-term liabilities	<u>\$ 22,982,942.40</u>	<u>34,502.88</u>	<u>2,018,553.76</u>	<u>20,998,891.52</u>	<u>2,073,000.00</u>

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

\$12,030,000 General Improvement Bond dated 10/1/19 payable in annual installments through 10/1/2031. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. Bonds maturing on or after October 1, 2027, are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2026. The balance remaining as of December 31, 2024, was \$7,800,000.00.

\$5,935,000.00 General Improvement Bond dated 10/6/2022 payable in annual installments through 10/15/2032. Interest is paid semiannually at rates from 4.00% to 5.00% per annum. Bonds maturing on or after 10/15/2030 are redeemable at the option of the City, in whole or in part, on any date on or after October 15, 2029. The balance remaining as of December 31, 2024, was \$4,965,000.00.

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

\$910,000 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/25. Interest is paid semiannually at a rate of 5.00% per annum. The balance remaining as of December 31, 2024, was \$83,000.00. \$1,410,000.00 of bonds were originally anticipated to be issued however the project was complete and \$500,000.00 of the bonds were canceled. In May 2016, the City participated in the NJEIT refunding of this bond issue. As a result, the City was able to save a total of \$55,522.27 which consisted of \$37,000 of savings credit against the principal and \$18,522.27 of interest.

**CITY OF SOMERS POINT**  
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\$2,970,000 General Improvement Bond dated 10/1/19 payable in annual installments through 10/1/2031. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. Bonds maturing on or after October 1, 2027, are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2026. The balance remaining as of December 31, 2024, was \$1,910,000.00.

\$3,400,000.00 Sewer Utility Bond dated 10/6/2022 payable in annual installments through 10/15/2034. Interest is paid semiannually at rates from 4.00% to 5.00% per annum. Bonds maturing on or after 10/15/2030 are redeemable at the option of the City, in whole or in part, on any date on or after October 15, 2029. The balance remaining as of December 31, 2024, was \$2,995,000.00.

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,600,000.00	486,150.00	588,000.00	204,450.00	2,878,600.00
2026	1,685,000.00	416,800.00	545,000.00	177,750.00	2,824,550.00
2027	1,720,000.00	343,750.00	555,000.00	153,400.00	2,772,150.00
2028	1,750,000.00	268,950.00	580,000.00	128,550.00	2,727,500.00
2029	1,810,000.00	192,650.00	600,000.00	102,550.00	2,705,200.00
2030-2034	4,200,000.00	244,250.00	2,120,000.00	229,550.00	6,793,800.00
	<u>\$ 12,765,000.00</u>	<u>1,952,550.00</u>	<u>4,988,000.00</u>	<u>996,250.00</u>	<u>20,701,800.00</u>

As of December 31, 2024 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 \$540,900.00 and to the utility budget was \$222,927.08.

<u>Summary of Municipal Debt</u>	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 17,265,000.00	16,900,000.00	15,675,000.00
Sewer Utility - Bonds and Notes	8,988,000.00	7,046,000.00	6,049,305.25
Total Issued	<u>26,253,000.00</u>	<u>23,946,000.00</u>	<u>21,724,305.25</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	2,641,386.56	1,709,386.56	1,784,386.56
Sewer Utility - Bonds and Notes	3,901,750.00	4,891,750.00	474,750.00
Total Authorized But Not Issued	<u>6,543,136.56</u>	<u>6,601,136.56</u>	<u>2,259,136.56</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>32,796,136.56</u>	<u>30,547,136.56</u>	<u>23,983,441.81</u>
<u>Deductions:</u>			
Reserve for Payment of Bonds			
Self-Liquidating Debt	12,889,750.00	11,937,750.00	6,524,055.25
Total Deductions	<u>12,889,750.00</u>	<u>11,937,750.00</u>	<u>6,524,055.25</u>
Net Debt	<u>\$ 19,906,386.56</u>	<u>\$ 18,609,386.56</u>	<u>17,459,386.56</u>

**CITY OF SOMERS POINT**  
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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 1.200%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 7,038,000.00	7,038,000.00	-
Regional School District Debt	5,496,482.08	5,496,482.08	-
Sewer Utility Debt	12,889,750.00	12,889,750.00	-
General Debt	19,906,386.56	-	19,906,386.56
	<u>\$ 45,330,618.64</u>	<u>25,424,232.08</u>	<u>19,906,386.56</u>

Net Debt \$19,906,386.56 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,659,202,118.00 = 1.200%.

The above information is in agreement with the Annual Debt Statement filed by the City of Somers Point.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 58,072,074.13
Net Debt	19,906,386.56
Remaining Borrowing Power	<u>\$ 38,165,687.57</u>

The City of Somers Point School District, as a K-8 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**

Operating Leases:

The City is currently leasing six (7) copy machines, for various offices within City Hall, as well as a postage machine, all under operating leases. The term of each lease is 60 months and they will expire at various times during the years 2025 through 2029. The monthly payment for the leases range between \$82.32 and \$200.68.

The total operating lease payments were \$8,265.72 in 2024 and \$7,809.64 in 2023.

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The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2024.

<u>Year</u>	<u>Operating</u>
2025	12,622.98
2026	11,865.12
2027	11,449.92
2028	11,048.56
2029	1,218.94
2030	0.00
Total minimum lease payments	\$ <u>48,205.52</u>

**Note 9: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2024 and 2023, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Current Fund	\$ 3,415,000.00	2,800,000.00
Sewer Utility Fund	707,217.22	529,800.00

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 2025 budget is \$4,684,231.03 for the current fund and \$2,732,754.35 for the utility fund.

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$11,784,692.00 and \$11,232,366.00 have been raised for the 2024 and 2023 calendar years, respectively and \$11,800,858.00 and \$11,216,390.00 was remitted to the school district leaving a balance due of \$10.00.

Regional High School Tax in the amounts of \$8,716,327.00 and \$8,520,292.00 have been raised for the 2024 and 2023 calendar years, respectively and \$8,716,327.51 and \$8,520,291.50 remitted to the school district leaving a \$73.40 balance payable.

**Note 11: 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 12/31/2024</u>	<u>Balance 12/31/2023</u>
Prepaid Taxes	\$ 442,335.83	468,121.59
Cash Liability for Taxes Collected in Advance	\$ 442,335.83	468,121.59

**Note 12: PENSION FUNDS**

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost sharing multiple-employer defined benefit pension

**CITY OF SOMERS POINT  
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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.

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

**Funding Policy**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The City's contributions to PERS for the years ended December 31, 2024, 2023, and 2022 were \$507,456.00, \$468,103.00, and \$459,453.00.

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 City's contributions to PFRS for the years ended December 31, 2024, 2023, and 2022 were \$1,008,629.00, \$972,034.00, and \$781,295.00.

The total payroll for the year ended December 31, 2024, 2023, and 2022 was \$7,303,415.33, \$7,049,100.86, and \$6,712,509.86. Payroll covered by PFRS was \$3,008,303.00, \$2,910,126.00, and \$2,677,623.00. Payroll covered by PERS was \$2,956,836.00, \$2,867,287.00, and \$2,879,139.00.

**CITY OF SOMERS POINT  
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*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  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 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  $\frac{1}{60}$ th from  $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a  $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

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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 13: 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 City's pension liabilities. However, due to the fact that the City reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the City's pension liabilities as June 30, 2023:

**Public Employees' Retirement System**

The City has a liability of \$5,499,463 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, that was rolled forward to June 30, 2023. 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, 2023, the City's proportion would be 0.0379682492%, which would be an increase of 2.28% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2023, the City would have recognized pension expense of \$(63,160). At December 31, 2023, 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	\$ 52,582	\$ (22,480)
Changes of assumptions	12,081	(333,291)
Changes in proportion	242,340	(272,682)
Net difference between projected and actual earnings on pension plan investments	25,326	-
Total	<u>\$ 332,329</u>	<u>\$ (628,453)</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:

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Year ended June 30,		
2024	\$	430,611
2025		(67,828)
2026		(545,824)
2027		(102,073)
2028		(11,011)
Total	\$	<u>(296,124)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2022, 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023, are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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	\$ 6,631,533	5,499,463.00	4,536,966.67

*Pension plan fiduciary net position.*

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

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**Police and Firemen's Retirement System**

The City has a liability of \$8,371,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2022, that was rolled forward to June 30, 2023. 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, 2023, the City's proportion would be 0.07576834%, which would be an increase of 1.38% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City would have recognized pension expense of \$359,844. At December 31, 2023, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 358,450	\$ (399,245)
Changes of assumptions	18,069	(565,275)
Changes in proportion	801,880	(566,934)
Net difference between projected and actual earnings on pension plan investments	426,344	-
Total	<u>\$ 1,604,743</u>	<u>\$ (1,531,454)</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,	
2024	\$ 147,699
2025	141,743
2026	(228,050)
2027	19,614
2028	(7,001)
Thereafter	(716)
Total	<u>\$ 73,289</u>

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Actuarial Assumptions

The total pension liability for the June 30, 2023, measurement date was determined by an actuarial valuation of July 1, 2021, which was rolled forward to June 30, 2023. 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, 2022, 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023, are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the 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	\$ 11,185,664.36	8,371,480.00	5,492,601.04

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, 2023, State special funding situation net pension liability amount of \$2,035,866,759.00 is the accumulated differences between the annual actuarially determined State

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obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2023, State special funding situation pension expense of \$231,575,656.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. 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 2023, 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 0.07576834000% for 2023. The net pension liability amount allocated to the City was \$1,542,543. For the fiscal year ending June 30, 2023, State special funding situation pension expense of \$175,461 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 14: 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>.

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

1) retired on a disability pension;

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

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

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

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

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

*Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2023, were \$3,461,898,890 and \$11,427,677,896, 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, 2022 through June 30, 2023. 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.

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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, 2023, is as follows:

	June 30, 2023	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 14,889,576,786	15,179,626
Plan Fiduciary Net Position (Deficit)	(116,962,691)	(119,241)
Net OPEB Liability	<u>\$ 15,006,539,477</u>	<u>15,298,867</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.79%

At June 30, 2023 the City's proportionate share of the Collective Net OPEB Liability was \$15,298,867. The State's proportionate share for the Special Funding Situation that is associated with the City is \$1,772,180. The City's proportion of the Collective Net OPEB Liability was 0.101948% which was an increase from the prior year of 17.74%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.050792% which was a decrease from the prior year of 7.22%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 15,298,867
State's proportionate share that is associated with the City	1,772,180
Total	<u>\$ 17,071,047</u>

For the Year ended June 30, 2023, the City's Total OPEB Expense was \$505,514 and the State of New Jersey realized Total OPEB Expense in the amount of \$(321,331) for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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:

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Investment Rate of Return  
Including Inflation rate 3.65%

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.

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.

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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, 2022, 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 3.65%. 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, 2023, 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 (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Collective				
Net OPEB Liability	\$	17,382,355,978	15,006,539,477	13,095,561,553
Proportionate Share				
Net OPEB Liability	\$	17,720,964	15,298,867	13,350,663

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

The following presents the net OPEB liability as of June 30, 2023, 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	\$	12,753,792,805	15,006,539,477	17,890,743,651
Proportionate Share				
Net OPEB Liability	\$	13,002,237	15,298,867	18,239,255

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

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,024,174	(4,075,285,752)	705,505	(4,154,672)
Changes of assumptions	1,943,909,895	(4,241,868,248)	1,981,777	(4,324,500)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,476,129)	-	(2,524)
Changes in proportion and differences between contributions and proportionate share of contributions	-		7,193,715	(964,698)
Total	\$ 2,572,934,069	(8,319,630,129)	9,880,997	(9,446,394)

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	Proportionate Share
2024	\$ (1,702,483,126.00)	130,180.13
2025	(1,394,440,795.00)	106,625.71
2026	(754,368,466.00)	57,682.68
2027	(353,621,247.00)	27,039.60
2028	(713,799,887.00)	54,580.61
Thereafter	(764,982,539.00)	58,494.28
Total	\$ (5,683,696,060.00)	434,603.00

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, 2023, are as follows:

Service cost	\$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Expected Investment Return	3,134,857
Administrative Expenses	12,616,744
Changes of Benefit Terms	23,039,435
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(899,529,226)
Changes in Assumptions	(803,252,884)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	1,590,849
Total Collective OPEB Expense	\$ (483,888,575)

**CITY OF SOMERS POINT  
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*Schedule of City's Share of Net OPEB Liability*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportionate Share of Net OPEB Liability	0.101948%	0.086584%	0.881110%
City's Share of Net OPEB Liability	\$ 15,298,867	15,829,958	15,859,787
City's Covered Payroll	2,867,287	2,879,139	2,705,883
City's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	533.57%	549.82%	586.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	0.007145%	0.563350%	0.061798%
City's Share of Net OPEB Liability	\$ 10,850,702	7,631,179	9,681,657
City's Covered Payroll	2,874,668	2,749,853	2,739,512
City's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	377.46%	277.51%	353.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.97%	1.97%	1.98%

**Note 15: ACCRUED SICK AND VACATION BENEFITS**

In accordance with Civil Service regulations, the City 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 \$1,243,261.13 in 2024 and \$1,192,891.52 in 2023. 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 City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Although more days may be accrued, the final amount cannot exceed: 180 days for members of Police Mainland Local #77; \$20,000 for members of Teamsters Local #115; and contractual limitations for individuals with personal service contracts. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement



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with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

**Note 16: ECONOMIC DEPENDENCY**

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

**Note 17: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2024 and 2023 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City 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 City 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 City 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:

Calendar Year	City Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2024	\$ -	11,596.69	2,575.87	116,531.07	69,453.18
2023	20,000.00	11,274.23	-	17,666.11	171,811.69
2022	20,000.00	10,615.28	-	-	158,203.57

**Note 18: LENGTH OF SERVICE AWARDS PROGRAM**

During the year 2001 the voters of the City of Somers Point approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

**Note 19: DEFERRED COMPENSATION**

Employees of the City of Somers Point 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 City.

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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 City has an obligation of due care in selecting the third-party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**Note 20: CONTINGENT LIABILITIES**

The City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City'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, 2024, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

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		Due From	Due To
Current Fund			
Federal and State Grant Fund	\$	-	956,370.83
Animal Control Fund		6,360.96	-
General Capital Fund		40,060.38	-
Sewer Operating Fund		-	7,400.91
Sewer Capital Fund		-	1,490,832.00
Federal and State Grant Fund			
Current Fund		956,370.83	-
Animal Control Fund			
Current Fund		-	6,360.96
Trust Funds - Other			
General Capital		350.00	-
General Capital Fund			
Current Fund		-	40,060.38
Trust Fund - Other		-	350.00
Sewer Utility Operating Fund			
Current Fund		7,400.91	-
Sewer Utility Capital Fund		-	4,166,414.15
Sewer Utility Capital Fund			
Current Fund		1,490,832.00	-
Sewer Utility Operating Fund		4,166,414.15	-
	\$	<u>6,667,789.23</u>	<u>6,667,789.23</u>

Neither the Grant Fund nor the Sewer Utility Capital Fund have bank accounts. This has caused the interfunds to be created. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

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**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
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**Note 22: SUBSEQUENT EVENTS**

**Capital Ordinances**

On April 10, 2025, City Council adopted bond ordinance #7-2025 which authorized the following general capital projects to be completed. This capital ordinance increases the City's authorized debt by \$3,305,455.

Project	Appropriation And Estimated Cost	Estimated Maximum Amount of Bonds & Notes
Purchase of Equipment for Fire Department	\$ 195,000	185,250
Purchase of Equipment for Police Department	449,312	426,847
Improvements to Municipal Facilities	284,400	270,180
Purchase of Computers for Various Offices	13,260	12,597
Purchase of Equipment for City Clerk	11,300	10,735
Purchase of Trash Truck for Public Works	710,000	674,473
Purchase of Equipment for Construction	70,000	66,500
Purchase of Equipment for Recreation	52,000	49,400
Improvements to Roadways and Drainage	1,694,183	1,609,473
Totals	<u>3,479,455</u>	<u>3,305,455</u>

Also, on April 10, 2025, City Council adopted bond ordinance #8-2025 which authorized the following sewer utility projects to be completed. This capital ordinance increases the City's authorized debt by \$1,605,600.

Project	Appropriation And Estimated Cost	Estimated Maximum Amount of Bonds & Notes
Various Improvements to the City Sewer Utility	\$ 567,600	567,600
Various Improvements to the City Sewer Utility	1,308,000	1,038,000
Total	<u>\$ 1,605,600</u>	<u>1,605,600</u>

A down payment is not required since the purposes authorized in the ordinance are deemed self-liquidating and obligations are deductible from the gross debt of the City.

**Other**

The City has evaluated subsequent events through June 20, 2025, the date which the financial statements were available to be issued and identified no events requiring disclosure.

## **APPENDIX C**

### **FORM OF BOND COUNSEL'S OPINION**

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\_\_\_\_\_, 2025

City Council of the  
City of Somers Point, in the  
County of Atlantic, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Somers Point, in the County of Atlantic, New Jersey (the "City"), in connection with the issuance by the City of its \$13,000,000 Bond Anticipation Notes, Series 2025, consisting of the \$8,500,000 General Improvement Bond Anticipation Note and the \$4,500,000 Sewer Utility Bond Anticipation Notes (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the City listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the event that the City continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the City in the Certificate, it is our opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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