

## OFFICIAL STATEMENT DATED OCTOBER 19, 2021

### NEW ISSUE

**RATING: S&P: AA**  
(See “RATING” herein)

*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 Bonds (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 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Bonds 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.*

### **CITY OF BRIGANTINE, IN THE COUNTY OF ATLANTIC, NEW JERSEY**

**\$6,065,000**

### **WATER/SEWER UTILITY BONDS, SERIES 2021 (Book-Entry-Only) (Callable) (Bank-Qualified)**

**Dated:** Date of Delivery

**Due:** October 15, as shown on the inside front cover

The \$6,065,000 Water/Sewer Utility Bonds, Series 2021 (the “Bonds”) of the City of Brigantine, in the County of Atlantic, New Jersey (the “City”), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as the securities depository. See “BOOK-ENTRY-ONLY SYSTEM” herein.

Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or earlier redemption, commencing on April 15, 2022. The principal of and the interest due on the Bonds will be paid to DTC by the City as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are subject to redemption prior to their stated maturities. See “THE BONDS – Redemption” herein.

The Bonds are valid and 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 Bonds and the interest thereon without limitation as to rate or amount.

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

The Bonds 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 the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York, on or about October 29, 2021.

**Baird**

**CITY OF BRIGANTINE,  
IN THE COUNTY OF ATLANTIC, NEW JERSEY**

**\$6,065,000  
WATER/SEWER UTILITY BONDS, SERIES 2021**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\***

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2022	\$330,000	3.00%	0.20%	109025A30
2023	390,000	3.00	0.26	109025A48
2024	450,000	3.00	0.35	109025A55
2025	450,000	3.00	0.50	109025A63
2026	485,000	3.00	0.65	109025A71
2027	515,000	3.00	0.85	109025A89
2028	545,000	2.00	1.05	109025A97
2029	550,000	2.00	1.20**	109025B21
2030	550,000	2.00	1.30**	109025B39
2031	570,000	2.00	1.40**	109025B47
2032	580,000	2.00	1.50**	109025B54
2033	650,000	2.00	1.60**	109025B62

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\* 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 S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, without limitation, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

\*\* Priced at the stated yield to the first optional redemption date of October 15, 2028 at a redemption price of 100%.

**CITY OF BRIGANTINE,  
IN THE COUNTY OF ATLANTIC, NEW JERSEY**

**MAYOR**

Vince Sera

**CITY COUNCIL**

Karen Bew

Neil Kane

Michael Riordan

Paul Lettieri

Dennis Haney

Rick Delucry

**CITY MANAGER**

James Bennett

**CHIEF FINANCIAL OFFICER**

Roxanne B. Tosto

**CITY CLERK**

Lynn Sweeney

**TAX COLLECTOR**

Dana Wineland

**CITY ATTORNEY**

Alfred Scerni, Esquire

Parker McCay P.A.

Atlantic City, New Jersey

**INDEPENDENT AUDITOR**

Ford-Scott & Associates, L.L.C.

Ocean City, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC

Roseland, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC

Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the 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 made hereunder, under any circumstances, shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

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 Bonds 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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

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 BONDS 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.

## TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION .....	1
THE BONDS .....	1
General Description .....	1
Redemption .....	1
Notice of Redemption .....	2
BOOK-ENTRY-ONLY SYSTEM .....	2
Discontinuation of Book-Entry-Only System .....	4
AUTHORIZATION AND PURPOSE OF THE BONDS .....	4
INFECTIOUS DISEASE OUTBREAK – COVID-19 .....	5
SECURITY AND SOURCE OF PAYMENT .....	6
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES .....	6
Local Bond Law (N.J.S.A. 40A:2-1 <u>et seq.</u> ) .....	6
Local Budget Law (N.J.S.A. 40A:4-1 <u>et seq.</u> ) .....	7
Tax Assessment and Collection Procedure .....	9
Tax Appeals .....	10
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 <u>et seq.</u> ) .....	10
TAX MATTERS .....	10
Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes .....	10
Original Issue Premium .....	11
Bank Qualification .....	12
Additional Federal Income Tax Consequences of Holding the Bonds .....	12
Changes in Federal Tax Law Regarding the Bonds .....	12
State Taxation .....	12
FINANCIAL STATEMENTS .....	13
LITIGATION .....	13
SECONDARY MARKET DISCLOSURE .....	13
MUNICIPAL BANKRUPTCY .....	15
APPROVAL OF LEGAL PROCEEDINGS .....	15
UNDERWRITING .....	15
RATING .....	16
MUNICIPAL ADVISOR .....	16
PREPARATION OF OFFICIAL STATEMENT .....	16
ADDITIONAL INFORMATION .....	16
MISCELLANEOUS .....	17
 CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF BRIGANTINE, IN THE COUNTY OF ATLANTIC, NEW JERSEY .....	 Appendix A
 EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF BRIGANTINE, IN THE COUNTY OF ATLANTIC, NEW JERSEY .....	 Appendix B
 FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL .....	 Appendix C

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**OFFICIAL STATEMENT**  
**Relating to the**  
**CITY OF BRIGANTINE,**  
**IN THE COUNTY OF ATLANTIC, NEW JERSEY**  
**\$6,065,000**  
**WATER/SEWER UTILITY BONDS, SERIES 2021**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the City of Brigantine (the “City”), in the County of Atlantic (the “County”), New Jersey (the “State”), in connection with the sale and issuance of \$6,065,000 Water/Sewer Utility Bonds, Series 2021 (the “Bonds”). This Official Statement has been executed by and on behalf of the City by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement contains specific information relating to the Bonds including their 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.

**THE BONDS**

**General Description**

The Bonds shall be dated their date of delivery, shall mature on October 15 in the years and in the principal amounts as set forth on the inside front cover page hereof, and will bear interest from their dated date. Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or earlier redemption, commencing on April 15, 2022, at the interest rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple in excess thereof through book-entries made on the books and records of The Depository Trust Company, New York, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. (or any successor or assign), as nominee for DTC.

**Redemption**

The Bonds of this issue maturing prior to October 15, 2029 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after October 15, 2029 are redeemable at the option of the City, in whole or in part, on any date on or after October 15, 2028 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

## **Notice of Redemption**

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed bond registrar. Any failure of the securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the City shall send redemption notices only to Cede & Co. See “BOOK-ENTRY-ONLY SYSTEM” herein for further information regarding conveyance of notices to Beneficial Owners.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption and no further interest shall accrue beyond the redemption date. Payment shall be made upon surrender of the Bonds redeemed.

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

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual



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

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

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

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

Redemption proceeds, if applicable, and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the 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 applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or 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 Bonds 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, Bond certificates are required to be printed and delivered.

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

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 BOND HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE BONDS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE BONDS. 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.

#### **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 Bonds 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 BONDS**

The Bonds 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 New Jersey Statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the City Council referred to in the chart below and by a resolution duly adopted by the City Council on October 6, 2021 (the "Resolution").

Proceeds of the Bonds will be used to: (i) permanently finance various water and sewer utility improvements in and by the City in the amount of \$6,365,000; and (ii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount Funded*</b>
#13-2019	Various water and sewer utility capital improvements, finally adopted August 7, 2019.	\$920,000

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount Funded*</b>
#16-2021	Various improvements to the Roosevelt Avenue Water Storage Tank, Bayshore Avenue Water Storage Tank and the 14 <sup>th</sup> Street Water Storage Tank, finally adopted August 4, 2021.	<u>5,445,000</u>
	<b>TOTAL:</b>	<b><u>\$6,365,000</u></b>

\* Represents \$6,065,000 in par amount of the Bonds, plus \$300,000 in original issue premium.

### **INFECTIOUS DISEASE OUTBREAK – COVID-19**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which has spread throughout the State and to all counties within the State. The Governor has also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. Throughout the COVID-19 pandemic, the Governor has signed multiple executive orders instituting mitigation protocols limiting certain activities as well as permitting the resumption of certain activities, based on the evolution of the COVID-19 pandemic within this State. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that date by the Governor. The declaration of the state of emergency remains in effect as of the date hereof.

As of December 31, 2020, the City's finances and operations had certain reduced revenue streams due to the COVID-19 pandemic; however, the overall finances and operations of the City have not been materially and adversely affected due to the COVID-19 outbreak. The finances and operations of the City may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the City's primary revenue source for supporting its budget. The City cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, or costs to operate remotely and support City functions and critical government actions during an outbreak, or any resulting impact such costs could have on City operations. The degree of any such impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

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

The Plan includes various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and

loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the City.

Based on available information as of September 30, 2021, the City is expected to receive approximately \$905,383 from the Plan. Such funds are expected to be received in two equal payments, one within 60 days of enactment of the Plan and the balance no earlier than 12 months from the initial payment. The deadline to spend the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds to be provided to the City include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the City that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the City prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure.

## **SECURITY AND SOURCE OF PAYMENT**

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

## **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 3.5% 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 the 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 shown in Appendix “A”, the City has not exceeded its statutory debt limit.

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 bond 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, revaluation programs, revision and codification of ordinances, master plan preparation, payment of compensated absences 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 recently enacted to address the COVID-19 emergency, P.L. 2020, c. 74 (A3971), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director 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 fiscal year. Appropriation reserves may also be transferred during the first three months of the fiscal 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 and applicable to the next local budget year following enactment, 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.

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 mailed annually in June by the City. 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. On April 28, 2020, the Governor of the State issued Executive Order 130 pursuant to which the deadline for the payment of taxes due on May 1, 2020 was extended to June 1, 2020.

By State statute, 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, or such lower interest penalty rates as determined by the City from time to time. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing tax title liens is included in Appendix “A”. The City has not taken action to reduce the interest penalty rate.

## **Tax Appeals**

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. On May 28, 2020, legislation was passed that temporarily extends the deadline to file a property tax appeal to July 1, 2020 and the deadline for county boards of taxation to render decisions in tax appeal cases to September 30, 2020. The bill applies retroactively to April 1, 2020.

## **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, 2020 for the City is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds 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 Bonds in order to assure that interest on the Bonds 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 Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The City will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds 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



Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds 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 Bonds 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 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

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 Bonds 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 Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds 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 Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds 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 Bonds 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 Bonds.

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

All of the maturities of the Bonds have been sold at an initial offering price in excess of the amount payable at the maturity date (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds 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 bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds 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 Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond 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 Premium Bonds.

## **Bank Qualification**

The Bonds **will be** designated as qualified under Section 265 of the Code by the City for an exemption from the denial of deduction for interest paid by 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 one hundred percent (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, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

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

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

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

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 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. 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 Bonds 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 Bonds 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 BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, 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 BONDS SHOULD

CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

## **FINANCIAL STATEMENTS**

Appendix “B” contains certain audited financial data of the City for the fiscal year ended December 31, 2020. The audited financial data was extracted from the report prepared by Ford-Scott & Associates, L.L.C., Ocean City, New Jersey (the “Auditor”), to the extent and for the period set forth in their 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 data appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF BRIGANTINE, IN THE COUNTY OF ATLANTIC, NEW JERSEY”.

## **LITIGATION**

To the knowledge of Alfred Scerni, Esq. of Parker McCay P.A., Atlantic City, New Jersey (the “City Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority of the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. A certificate to such effect will be executed by the City Attorney and delivered to the purchaser of the Bonds at the closing.

## **SECONDARY MARKET DISCLOSURE**

Solely for the purpose 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 Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the City shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to September 30 of each year, beginning September 30, 2022, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the City consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the City and certain financial information and operating data consisting of (i) the City indebtedness, (ii) property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) If any of the following events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the 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, any of which affect holders of the Bonds, 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 (b)(15) and (b)(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.

(c) Notice of failure of the City to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

If all or any part of the Rule ceases to be in effect or is not in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule not or no longer in effect required the provision of such information, shall not or 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 is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized 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 the Resolution, 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 continuing disclosure undertakings under the Rule. The City appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in May of 2015 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

## **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 said 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.

**REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE CITY EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS.**

## **APPROVAL OF LEGAL PROCEEDINGS**

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

## **UNDERWRITING**

The Bonds have been purchased from the City, pursuant to the terms of the City's notice of sale, by Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin (the "Underwriter") at a purchase price of \$6,368,370.02 (the "Purchase Price"). The Purchase Price reflects the par amount of the Bonds in the amount of \$6,065,000.00, plus a bid premium in the amount of \$303,370.02. The Underwriter is obligated to purchase all of the Bonds if any are purchased.

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

## **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency") has assigned its municipal bond rating of "AA" to the Bonds.

The rating reflects only the view of the Rating Agency at the time such rating is issued and an explanation of the significance of such rating may be obtained from the Rating Agency. Such rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the City with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **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 certificates signed by the Chief Financial Officer, that to such officer's 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.

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

Neither Bond Counsel nor the Municipal Advisor has 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.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Roxanne B. Tosto, Chief Financial Officer, City of Brigantine, 1417 W. Brigantine Avenue, Brigantine, New Jersey, (609) 266-7600 ext. 213 or Phoenix Advisors, LLC, 625 Farnsworth, Bordentown, New Jersey (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 holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City (financial or otherwise) since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy and completeness.

### **CITY OF BRIGANTINE, IN THE COUNTY OF ATLANTIC, NEW JERSEY**

By: /s/ Roxanne B. Tosto  
Roxanne B. Tosto,  
Chief Financial Officer

**Dated:** October 19, 2021

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**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT  
THE CITY OF BRIGANTINE,  
IN THE COUNTY OF ATLANTIC, NEW JERSEY**

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

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

### **General Information**

Early records indicate that Brigantine Island was used by the indigenous Leni-Lenape Indians as a vacation area. The first recorded European sighting of the island was by Henry Hudson after the Half Moon had returned from what is now Hudson Bay, as recorded in the ship’s log of September 2, 1608. During the late 1600’s Brigantine was at various times under Dutch and English jurisdiction, and was for a time a whaling center. In the 1700’s, the island was owned by several families whose large landholdings were known as “plantations”.

By the mid-1800’s, the City had become a resort; several large hotels were constructed and were frequented by many New Jersey and Pennsylvania public figures. Several attempts were made during the late 1800’s to develop Brigantine on a significant scale. In connection with one of these attempts, made by the Brigantine Improvement Company, the island’s name was changed for a time to “North Atlantic City”. In 1917 the City had only 54 full-time residents and an operating budget of \$5,400.

During the 1920’s, with the advent of automobile access to the island, the City became the object of a large scale development effort by the Island Development Company, which had succeeded to title to most of the island from the Brigantine Land and Transportation Company. In 1924, a bridge was constructed linking Atlantic City and the City, and a land boom ensued. The City undertook a variety of improvements, such as streets and sewage and water facilities, for which it issued bonds. With the onset of the Great Depression and the consequent cessation of demand for homes on the island, the Island Development Company ceased operating, deeding its remaining properties to the City. As described elsewhere in this Official Statement, the City then experienced financial reserves. See “Financial History” herein.

Development of the City revived after World War II. Since then, the City has been characterized by stable growth patterns in resort population, year-round population, housing construction and assessed valuation, all relatively independent of changes in the economy of Atlantic City. The maintenance of controlled, primarily residential, development of the City is mandated by the City’s 1992 Master Plan and by State control of the types of development in barrier islands, such as the City. See “Land Utilization” herein. The advent of legalized casino gambling in Atlantic City has caused an increase in certain of these trends, but in the experience of City officials, the basic pattern of orderly growth has continued.

The City is bounded by the Atlantic Ocean, Brigantine Inlet, Absecon Inlet and inland waterways, with Brigantine Boulevard and a modern high-rise 4-lane connecting bridge, completed in 1972, providing passage over Absecon Inlet to Atlantic City. The island is 6.39 square miles in area, half of which is owned by the State under the Green Acres Program as

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

described herein. The Brigantine National Wildlife Refuge, a 20,000-acre national park, lies three miles northwest of the City.

### **Form of Government**

The City is governed by the Council-Manager form of government under the Faulkner Act with a City Council, composed of six Council members and the Mayor, who are elected to serve staggered four-year terms. The Mayor is elected at large and presides over the meetings of City Council. The functions of the Council are, among others, to adopt the municipal budget and to enact ordinances to promote and ensure the security, health, government and protection of the City and its residents.

The City Manager, is the chief executive and administrative official of the City. The manager's duties are to execute all laws and ordinances of the City, to negotiate all contracts for the City, to recommend the nature and location of improvements and to execute said improvements, and to report to Council as to the City's operations and financial condition and to perform such duties as required by Council.

The City Chief Financial Officer maintains records of all financial transactions of the City and has custody of all public moneys.

The City Clerk, assists with administering the affairs of the City, including attending Council meetings and providing for the taking and preparation of minutes thereof; compilation, preservation, indexing and publication of all ordinances and resolutions; and any other duties which Council may assign. The Clerk also acts as liaison between the public and Council, administers and records oaths of office; maintains custody of the City seal; attests to signatures of City officers and officials and maintains receipt of service of legal documents; acts as notary for all City documents as required by law.

### **Services**

A number of services are provided by the City and paid for from general revenues. Among them are police and fire protection, street lighting, road and park maintenance, recreation and playgrounds, snow removal, trash collection, building and zoning protection and any emergency service affecting the community.

### **Solid Waste Disposal**

Pursuant to the Atlantic County Solid Waste Management Plan, all of the City's municipal waste is taken for disposal to the facilities of the Atlantic County Utilities Authority ("ACUA"), the agency designated by the County as the implementing agency for the solid waste management district comprised by the County.

The City's residential waste is collected and transported to ACUA's facilities by employees of the ACUA, pursuant to a one-year shared services contract, at annual rates. These collection fees are to remove, haul and dispose of residential waste generated from single family

residences. The City also reimburses the multi-unit dwellings, such as condominiums, at the lesser rate that the condo units contract or the city's average rate. The City's commercial entities pay private haulers for such service.

### **Water and Sewer Service**

Residents of the City are furnished with water service by a City-owned and operated system. The City currently operates five wells, which can provide an output of approximately 5.6 million gallons per day and three additional storage tanks with a combined 2.25 million gallon capacity.

Residents pay a semiannual water service charge for which each resident is permitted a consumption of 80,000 gallons per year. Excess-use charges are levied for consumption beyond 80,000 gallons per year. A connection fee is charged for connecting to the public water system.

Sanitary sewer service is provided to City residents by a City-owned and operated collection system which consists of collection lines and pumping stations, most of which were installed during the period 1970-1980. Since that period all pumping stations have been upgraded and sewer mains are replaced as needed. Sewage treatment is provided by the Atlantic County Utilities Authority under service contract with the City, pursuant to which the City pays the Authority directly for such service. Residents do not receive a separate bill from the Authority.

Property owners in the City currently pay a semiannual charge for sewer rents. New connections to the sanitary sewer system also pay connection fees.

All parts of the City have fully developed water and sanitary sewer facilities.

### **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. 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 or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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## **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>				
2020	4,182	3,564	618	14.8%
2019	4,309	4,146	163	3.8%
2018	4,246	4,059	187	4.4%
2017	4,265	4,008	257	6.0%
2016	4,421	4,145	276	6.2%
<b><u>County</u></b>				
2020	121,037	99,546	21,491	17.8%
2019	121,729	115,811	5,918	4.9%
2018	119,394	112,626	6,768	5.7%
2017	119,015	110,604	8,411	7.1%
2016	122,892	113,830	9,062	7.4%
<b><u>State</u></b>				
2020	4,495,200	4,055,300	439,900	9.8%
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%

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 2019)**

	<b><u>City</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$72,372	\$62,110	\$82,545
Median Family Income	94,795	78,829	102,260
Per Capita Income	47,081	33,284	42,745

Source: US Bureau of the Census, 2019 American Community Survey 5-Year Estimates

## **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>
2020 Estimate	8,577	-9.24%	262,945	-4.23%	8,882,371	1.03%
2010	9,450	-24.96	274,549	8.71	8,791,894	4.49
2000	12,594	10.92	252,552	12.58	8,414,350	8.85
1990	11,354	36.50	224,327	15.56	7,730,188	4.96
1980	8,318	23.39	194,119	10.90	7,365,001	2.75

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><u>2020 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Brigantine Town Assoc.	\$12,750,000	0.38%
Celebrity Resorts of NJ, LLC	10,769,900	0.32%
La Sammana Ventures	5,780,200	0.17%
Taxpayer	5,430,300	0.16%
Taxpayer	4,668,500	0.14%
Taxpayer	4,411,100	0.13%
AIN NJ Brigantine LLC CVS	4,400,000	0.13%
Sand Coast Joint Ventures	4,031,600	0.12%
Taxpayer	3,689,900	0.11%
Taxpayer	<u>3,331,300</u>	<u>0.10%</u>
<b>Total</b>	<b><u>\$59,262,800</u></b>	<b><u>1.77%</u></b>

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

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### **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>
2020	\$56,320,669	\$55,801,551	99.08%
2019	56,343,951	55,740,293	98.93%
2018	57,109,762	56,431,352	98.81%
2017	57,682,632	57,072,087	98.94%
2016	57,451,733	56,553,618	98.44%

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>
2020	\$24,732	\$458,076	\$482,808	0.86%
2019	20,865	499,852	520,716	0.92%
2018	20,387	493,720	514,107	0.90%
2017	11,515	412,997	424,512	0.74%
2016	77,917	675,352	753,269	1.31%

Source: Annual Audit Reports of the City

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2020	\$308,862
2019	308,862
2018	308,862
2017	308,862
2016	308,862

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.

	<b>Local</b>			
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2021*	\$0.646	\$0.505	\$0.560	\$1.711
2020	0.635	0.505	0.548	1.688
2019	0.648	0.510	0.545	1.703
2018	0.665	0.515	0.557	1.737
2017	0.677	0.517	0.571	1.765

\* Estimated Tax Rates

Source: Abstract of Ratables and State of New Jersey – Property Taxes (2017 – 2020) and 2021 User-Friendly Budget of the City

## **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2021	\$3,356,576,700	\$3,472,560,211	96.66%	0	\$3,472,560,211
2020	3,322,876,700	3,437,695,738	96.66	0	3,437,695,738
2019	3,296,137,900	3,374,079,128	97.69	0	3,374,079,128
2018	3,266,336,200	3,292,677,621	99.20	0	3,292,677,621
2017	3,247,728,100	3,267,332,093	99.40	0	3,267,332,093

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations (2017 – 2020) and 2021 Equalization Table 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.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2021	\$50,092,800	\$3,223,226,800	\$0	\$80,538,100	\$0	\$2,719,000	\$3,356,576,700
2020	49,220,100	3,190,900,700	0	80,036,900	0	2,719,000	3,322,876,700
2019	49,424,500	3,162,012,600	0	81,981,800	0	2,719,000	3,296,137,900
2018	56,394,500	3,126,343,800	0	80,878,900	0	2,719,000	3,266,336,200
2017	57,448,300	3,103,720,800	0	83,840,000	0	2,719,000	3,247,728,100

Source: Abstract of Ratables and State of New Jersey – Property Value Classification (2017 – 2020) and 2021 User-Friendly Budget of the City

## **Financial Operations**

The following table summarizes the City's Current Fund budget for the past five (5) fiscal years ended 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>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Fund Balance Utilized	\$2,550,000	\$2,850,000	\$2,850,000	\$2,850,000	\$3,200,000
Miscellaneous Revenues	5,193,863	4,422,976	4,217,862	6,179,999	5,687,137
Receipts from Delinquent Taxes	450,000	418,000	418,000	411,552	420,000
Amount to be Raised by Taxation	<u>22,947,844</u>	<u>22,629,323</u>	<u>22,308,520</u>	<u>22,047,371</u>	<u>22,630,742</u>
Total Revenue:	<u>\$31,141,707</u>	<u>\$30,320,298</u>	<u>\$29,794,382</u>	<u>\$31,488,921</u>	<u>\$31,937,879</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$23,144,278	\$23,355,154	\$23,263,409	\$24,028,657	\$24,652,936
Operations (Excluded from CAPS)	315,741	353,340	369,380	723,796	638,205
Deferred Charges and Statutory Expenditures	242,241	167,677	20,942	0	0
Local School District Purposes	2,506,100	1,154,101	1,109,000	1,664,000	1,104,013
Capital Improvement Fund	100,000	446,940	500,000	75,000	525,000
Municipal Debt Service	3,407,558	3,407,760	3,104,398	3,576,284	3,754,249
Reserve for Uncollected Taxes	<u>1,425,789</u>	<u>1,435,326</u>	<u>1,427,252</u>	<u>1,421,184</u>	<u>1,263,476</u>
Total Appropriations:	<u>\$31,141,707</u>	<u>\$30,320,298</u>	<u>\$29,794,382</u>	<u>\$31,488,921</u>	<u>\$31,937,879</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>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2020	\$6,949,582	\$3,200,000
2019	6,552,471	2,850,000
2018	6,221,489	2,850,000
2017	6,355,398	2,850,000
2016	5,695,143	2,550,000

Source: Annual Audit Reports of the City

Water & Sewer Utility Operating Fund

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

**Fund Balance - Water and Sewer Utility Operating Fund**

<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2020	\$3,492,102	\$508,355
2019	3,009,722	324,000
2018	2,762,464	200,000
2017	2,315,740	250,000
2016	1,428,889	0

Source: Annual Audit Reports of the City

Golf Course Utility Operating Fund\*

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

**Fund Balance - Golf Utility Operating Fund**

<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2020	N/A	N/A
2019	15,642	0
2018	410	0
2017	7,410	7,000
2016	7,410	0

\* The Golf Course Utility Operating Fund was eliminated as a result of Ordinance 22-2019.

N/A: Not Available;

Source: Annual Audit Reports of the City

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## **City Indebtedness as of December 31, 2020**

### **General Purpose Debt**

Serial Bonds	\$23,970,000
Bond Anticipation Notes	600,000
Bonds and Notes Authorized but Not Issued	6,502,278
Other Bonds, Notes and Loans	<u>226,887</u>
Total:	\$31,299,165

### **Local School District Debt**

Serial Bonds	\$2,080,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$2,080,000

### **Self-Liquidating Debt**

Serial Bonds	\$8,995,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	920,000
Other Bonds, Notes and Loans	<u>3,709,881</u>
Total:	\$13,624,881

### **TOTAL GROSS DEBT**

**\$47,004,046**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	2,080,000
Self-Liquidating Debt	<u>13,624,881</u>
Total:	\$15,704,881

### **TOTAL NET DEBT**

**\$31,299,165**

Source: Annual Debt Statement of the City

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**Overlapping Debt (as of December 31, 2020)<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	\$2,080,000	100.00%	\$2,080,000
County	176,676,327	10.55%	<u>18,640,883</u>
Net Indirect Debt			\$20,720,883
Net Direct Debt			<u>31,299,165</u>
Total Net Direct and Indirect Debt			<b><u>\$52,020,048</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2018, 2019, 2020)	\$3,368,150,829
Permitted Debt Limitation (3 1/2%)	117,885,279
Less: Net Debt	<u>31,299,165</u>
Remaining Borrowing Power	<u>\$86,586,114</u>
Percentage of Net Debt to Average Equalized Valuation	0.929%
Gross Debt Per Capita based on 2010 population of 9,450	\$4,974
Net Debt Per Capita based on 2010 population of 9,450	\$3,312

Source: Annual Debt Statement of the City

**Litigation**

The status of pending litigation is included in the Notes to Financial Statements of the City's annual audit report.

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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**

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF BRIGANTINE,  
IN THE COUNTY OF ATLANTIC, NEW JERSEY**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

To the Honorable Mayor and  
Members of City Council  
City of Brigantine  
County of Atlantic, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Brigantine, as of December 31, 2020 and 2019, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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 Brigantine 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.

***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 Brigantine as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, 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, 2020 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.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brigantine's 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.

The supplemental information listed in the table of contents 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. Such 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 basic 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 July 12, 2021 on our consideration of the City of Brigantine'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 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 Brigantine'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**

**July 12, 2021**

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

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 13,141,737.48	11,863,446.41
Change and Petty Cash Funds	775.00	775.00
Total Cash	<u>13,142,512.48</u>	<u>11,864,221.41</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	458,076.04	499,851.77
Tax Title and Other Liens	24,731.84	20,864.63
Property Acquired for Taxes - at Assessed Valuation	308,862.00	308,862.00
Revenue Accounts Receivable	3,329.19	7,923.31
Interfund Receivable:		
Due from General Capital	346.93	10,753.06
Due from Animal Control	663.40	663.40
Total Receivables and Other Assets	<u>796,009.40</u>	<u>848,918.17</u>
Total Regular Fund	<u>13,938,521.88</u>	<u>12,713,139.58</u>
Federal and State Grant Fund:		
Cash	263,292.05	315,824.49
Federal and State Grants Receivable	1,157,553.88	933,684.00
Total Federal and State Grant Fund	<u>1,420,845.93</u>	<u>1,249,508.49</u>
Total Current Fund	<u>\$ 15,359,367.81</u>	<u>13,962,648.07</u>

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

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

	<u>2020</u>	<u>2019</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,572,044.23	989,402.22
Reserve for Encumbrances	433,212.67	325,424.37
Accounts Payable	75,847.50	12,217.50
Prepaid Taxes	1,225,482.08	1,124,342.00
Overpaid Taxes	57,790.40	54,314.18
Payroll Taxes Payable	209,751.42	194,902.88
County Tax Payable	72,410.18	66,547.91
Tourism Commission	1,310.00	1,310.00
Due to State:		
Marriage Licenses	350.00	225.00
Senior Citizens & Vets	32,198.51	31,548.90
Interfund Payable:		
Due Water-Sewer Utility Operating Fund	518.70	-
Other:		
Tax Appeals	501,500.00	501,000.00
Tax Map and Property Revaluation	300,019.00	300,019.00
Master Plan	20,065.02	20,065.02
Future Capital Projects - Insurance Proceeds	318,474.86	318,474.86
Reserve for Future Capital Projects	1,371,956.26	1,371,956.26
	<u>6,192,930.83</u>	<u>5,311,750.10</u>
Reserve for Receivables and Other Assets	796,009.40	848,918.17
Fund Balance	<u>6,949,581.65</u>	<u>6,552,471.31</u>
Total Regular Fund	<u>13,938,521.88</u>	<u>12,713,139.58</u>
Federal and State Grant Fund:		
Unappropriated Reserves	-	13,786.44
Appropriated Reserves	1,398,831.12	1,097,291.55
Encumbrances Payable	22,014.81	138,430.50
	<u>1,420,845.93</u>	<u>1,249,508.49</u>
Total Federal and State Grant Fund	<u>1,420,845.93</u>	<u>1,249,508.49</u>
Total Current Fund	<u>\$ 15,359,367.81</u>	<u>13,962,648.07</u>

The accompanying Notes to the 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,**

	2020	2019
Revenue and Other Income Realized		
Fund Balance	\$ 2,850,000.00	2,850,000.00
Miscellaneous Revenue Anticipated	6,782,200.66	4,987,877.68
Receipts from Delinquent Taxes	502,808.01	493,373.25
Receipts from Current Taxes	55,801,551.28	55,740,293.11
Non Budget Revenue	566,249.13	743,537.34
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	798,324.42	958,930.27
Reserves Liquidated:		
Dissolution of Golf Utility	15,641.63	-
Grants Cancelled	11,795.29	-
Other	-	475.00
Interfunds Returned	10,753.06	5,981.43
Total Income	<u>67,339,323.48</u>	<u>65,780,468.08</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	12,524,710.00	12,487,360.00
Other Expenses	7,996,265.00	7,211,399.00
Deferred Charges & Statutory Expenditures		
Appropriations Within "CAPS"	3,382,682.00	3,302,650.20
Operations Excluded from "CAPS"		
Salaries and Wages	353,000.00	325,000.00
Other Expenses	428,693.88	443,166.33
Capital Improvements - Excluded from "CAPS"	75,000.00	715,000.00
Municipal Debt Service - Excluded from "CAPS"	3,576,283.79	3,104,397.42
Deferred Charges and Statutory Expenditures		
Municipal Excluded from "CAPS"	-	20,942.00
Transferred to Board of Education for Use of Local Schools	1,664,000.00	1,109,000.00
Local District School Tax	15,863,114.00	15,888,114.00
Senior Citizens' Deductions Disallowed by Collector -		
Prior Year Taxes	5,000.00	2,792.60
County Tax	18,150,707.36	17,904,817.14
County Share of Added Tax	72,410.18	66,547.91
Creation of Reserve for :		
Interfunds Created	346.93	11,416.46
Grants Cancelled	-	6,882.60
Total Expenditures	<u>64,092,213.14</u>	<u>62,599,485.66</u>
Excess in Revenue	<u>3,247,110.34</u>	<u>3,180,982.42</u>

The accompanying Notes to the 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>2020</u>	<u>2019</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>3,247,110.34</u>	<u>3,180,982.42</u>
Fund Balance January 1	<u>6,552,471.31</u>	<u>6,221,488.89</u>
	9,799,581.65	9,402,471.31
Decreased by:		
Utilization as Anticipated Revenue	<u>2,850,000.00</u>	<u>2,850,000.00</u>
Fund Balance December 31	<u>\$ 6,949,581.65</u>	<u>6,552,471.31</u>

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,850,000.00		2,850,000.00	-
Total Fund Balance Anticipated	2,850,000.00	-	2,850,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	11,500.00		12,000.00	500.00
Other	12,500.00		12,415.00	(85.00)
Fees and Permits	135,000.00		102,463.50	(32,536.50)
Fines and Costs:				
Municipal Court	110,000.00		121,227.49	11,227.49
Interest and Costs on Taxes	120,374.62		161,967.23	41,592.61
Interest and Investments and Deposits	210,000.00		121,277.42	(88,722.58)
Beach Fees	690,000.00		940,936.00	250,936.00
Beach Vehicles Permits	710,000.00		812,215.00	102,215.00
Cable Franchise	73,000.00		73,949.96	949.96
County Share of Library Costs	50,000.00		50,000.00	-
Emergency Medical Services	300,000.00		288,444.68	(11,555.32)
Lease of City Property	185,000.00		249,938.96	64,938.96
Total Section A: Local Revenues	2,607,374.62	-	2,946,835.24	339,460.62
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	657,130.00		657,130.00	-
Garden State Trust	24,018.00		15,570.00	(8,448.00)
Type I School Debt Service Aid	150,000.00		170,304.00	20,304.00
Total Section B: State Aid Without Offsetting Appropriations	831,148.00	-	843,004.00	11,856.00
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	420,000.00		465,870.00	45,870.00
Total Section C: Uniform Construction Code Fees	420,000.00	-	465,870.00	45,870.00

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



**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section D: Special Items of General Revenue Anticipated				
None	-		-	-
Total Section D: Special Items of General Revenue Anticipated	-	-	-	-
Section E: Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services - Additional Revenues				
Fire Prevention Inspection Fees	348,500.00		370,479.25	21,979.25
Total Section E: Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services - Additional Revenues	348,500.00	-	370,479.25	21,979.25
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Safe and Secure Communities Program - P.L. 1994, Chapter 220	30,000.00		30,000.00	-
Body Armor Grant	3,353.77		3,353.77	-
N.J. Transportation Trust Fund Authority Act	305,000.00		305,000.00	-
Municipal Alliance on Alcoholism and Drug Abuse	11,280.00		11,280.00	-
Cops in Shops	4,400.00		4,400.00	-
Drunk Driving Enforcement Fund	5,467.17		5,467.17	-
U Drive U Text U Pay	2,475.00		2,475.00	-
Clean Communities Program		41,711.50	41,711.50	-
Recycling Tonnage Grant		13,786.44	13,786.44	-
Drive Sober or Get Pulled Over		2,400.00	2,400.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	361,975.94	57,897.94	419,873.88	-

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

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Reserve to Pay Bonds & Notes	245,000.00		245,000.00	-
Reserve to Pay Bonds & Notes-School Debt	576,000.00		576,000.00	-
Minature Golf Receipts	15,000.00		24,000.00	9,000.00
Golf Course Receipts	775,000.00		891,138.29	116,138.29
Total Section G: Other Special Items	1,611,000.00	-	1,736,138.29	125,138.29
Total Miscellaneous Revenues:	6,179,998.56	57,897.94	6,782,200.66	544,304.16
Receipts from Delinquent Taxes	411,552.00		502,808.01	91,256.01
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	21,109,370.65		22,198,504.01	1,089,133.36
Addition to Local District School Tax	938,000.00		938,000.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	22,047,370.65	-	23,136,504.01	1,089,133.36
Budget Totals	31,488,921.21	57,897.94	33,271,512.68	1,724,693.53
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		566,249.13	566,249.13
	31,488,921.21	57,897.94	33,837,761.81	2,290,942.66

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	55,801,551.28
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	55,801,551.28
Allocated to:	
School, County and Other Taxes	<u>34,086,231.54</u>
Balance for Support of Municipal Budget Appropriations	21,715,319.74
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>1,421,184.27</u>
Amount for Support of Municipal Budget Appropriations	<u><u>23,136,504.01</u></u>

Receipts from Delinquent Taxes:	
Delinquent Tax Collection	<u>502,808.01</u>
Total Receipts from Delinquent Taxes	<u><u>502,808.01</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:	
Tax Sale Costs	7,936.35
Administrative Fee - Senior Citizens and Veterans Deductions	1,682.99
Police Special Detail-City Portion	107,295.00
Trash Cans	2,200.00
Restitution	1,300.00
Zoning Fees	5,500.00
Street Opening Permits	91,350.00
Special Events Permits	1,525.00
Dune Maintenance Permits	4,800.00
Dog Park Permits	935.00
Horseback Riding Permits	600.00
Copy/Notary Fees	1,321.40
Bulkhead Permits	6,000.00
List of Owners	790.00
Ice Cream Proceeds	600.00
Community Center Lease	4,250.00
Foreclosed Property	7,900.00
NSF Fees	770.00
Sidewalk Permits	10,500.00
Insurance Proceeds	14,995.00
Insurance Prior Year Dividend	249,719.00
Walker Deed Restriction Release	25,000.00
Recycling Revenue	4,047.90
Property Maintenance	3,693.19
Miscellaneous Collector Receipts	8,672.42
Miscellaneous	<u>2,865.88</u>
Total Miscellaneous Revenue Not Anticipated:	<u><u>566,249.13</u></u>

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	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>						
General Administration						
Salaries & Wages	\$ 102,000.00	103,000.00	101,636.04		1,363.96	-
Other Expenses	110,000.00	109,000.00	31,098.11	11,459.79	34,442.10	32,000.00
Mayor and Council						
Salaries & Wages	38,700.00	38,700.00	37,373.08		1,326.92	-
Other Expenses	15,000.00	15,000.00	1,578.00		13,422.00	-
Municipal Clerk						
Salaries & Wages	96,000.00	96,000.00	93,211.26		2,788.74	-
Other Expenses	30,450.00	30,450.00	18,663.68	31.98	11,754.34	-
Financial Administration						
Salaries & Wages	170,000.00	170,000.00	169,460.75		539.25	-
Other Expenses	52,700.00	52,700.00	29,028.89	1,488.60	22,182.51	-
Audit Services						
Other Expenses	45,000.00	45,000.00	42,314.00		2,686.00	-
Revenue Administration (Tax Collector)						
Salaries & Wages	130,000.00	130,000.00	129,156.74		843.26	-
Other Expenses	26,415.00	26,415.00	23,320.01	1,437.04	1,657.95	-
Tax Assessment Administration						
Salaries & Wages	195,000.00	185,000.00	165,504.54		19,495.46	-
Other Expenses	36,300.00	36,300.00	14,855.06	21,434.96	9.98	-
Legal Services						
Other Expenses	350,000.00	350,000.00	235,710.64	500.00	113,789.36	-
Emergency Medical Services - Billing						
Other Expenses	22,000.00	22,000.00	14,756.51		7,243.49	-
Engineering Services and Costs						
Other Expenses	140,000.00	140,000.00	87,084.33	35,772.50	17,143.17	-
Municipal Court						
Salaries & Wages	154,000.00	154,000.00	133,485.33		5,514.67	15,000.00
Other Expenses	16,000.00	16,000.00	10,054.41	711.49	5,234.10	-
Public Defender						
Other Expenses	12,000.00	12,000.00	10,572.00		1,428.00	-

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries & Wages	9,510.00	9,510.00	9,499.88		10.12	-
Other Expenses	43,000.00	43,000.00	40,692.78	804.56	1,502.66	-
<b>INSURANCE</b>						
General Liability and Other Insurance	220,000.00	220,000.00	211,349.87		8,650.13	-
Workers Compensation Insurance	410,000.00	410,000.00	400,151.47		9,848.53	-
Employee Group Health	2,000,000.00	2,000,000.00	1,726,007.14		273,992.86	-
Health Benefits Waiver						
Salaries & Wages	180,000.00	180,000.00	166,323.07		13,676.93	-
<b>PUBLIC SAFETY</b>						
Fire Department						
Salaries & Wages	3,630,000.00	3,630,000.00	3,604,005.03		25,994.97	-
Other Expenses	217,000.00	217,000.00	160,260.74	46,470.18	10,269.08	-
Police Department						
Salaries & Wages	4,435,000.00	4,423,400.00	4,214,310.54		209,089.46	-
Other Expenses	231,500.00	241,500.00	228,460.07	8,432.27	4,607.66	-
Office of Emergency Management						
Salaries & Wages	7,500.00	7,500.00	6,384.50		1,115.50	-
Other Expenses	15,000.00	15,000.00			15,000.00	-
<b>PUBLIC WORKS</b>						
Streets and Roads Maintenance						
Salaries & Wages	561,000.00	542,600.00	493,813.03		48,786.97	-
Other Expenses	82,500.00	82,500.00	34,192.20	13,891.50	34,416.30	-
Solid Waste Collection						
Other Expenses	1,340,000.00	1,340,000.00	1,136,810.24	101,428.74	101,761.02	-
Recycling Program						
Salaries & Wages	35,500.00	35,500.00	33,301.56		2,198.44	-
Other Expenses	13,500.00	13,500.00	846.40	319.00	12,334.60	-
Department of Public Works						
Salaries & Wages	207,000.00	207,000.00	204,424.72		2,575.28	-
Other Expenses	14,000.00	14,000.00	4,857.05	725.24	8,417.71	-
Storm Water Management-OE	20,000.00	20,000.00	2,570.00		17,430.00	-
Buildings and Grounds						
Salaries & Wages	712,000.00	712,000.00	672,954.34		39,045.66	-
Other Expenses	359,300.00	359,300.00	264,340.86	83,430.89	11,528.25	-

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Demolition</b>						
Other Expenses	90,000.00	90,000.00	72,130.00	7,870.00	10,000.00	-
<b>Golf Course Operations</b>						
Salaries & Wages	5,000.00	-			-	-
Other Expenses	788,000.00	793,000.00	711,243.63	5,256.37	8,500.00	68,000.00
<b>Vehicle Maintenance</b>						
Salaries & Wages	110,000.00	110,000.00	100,311.82		9,688.18	
Other Expenses	199,000.00	199,000.00	136,682.10	18,762.92	43,554.98	
<b>HEALTH AND HUMAN SERVICES</b>						
Dog Regulation						
Other Expenses	18,500.00	18,500.00	8,575.00	4,900.00	5,025.00	-
<b>PARKS AND RECREATION</b>						
Beach Patrol and Maintenance						
Salaries & Wages	883,000.00	883,000.00	868,517.17		14,482.83	-
Other Expenses	79,500.00	79,500.00	72,072.50	1,046.99	6,380.51	-
Beach Fee Program						
Salaries & Wages	180,000.00	175,000.00	168,389.98		6,610.02	-
Other Expenses	34,000.00	39,000.00	22,751.10	2,871.10	13,377.80	-
Parks and Playgrounds						
Salaries & Wages	302,000.00	302,000.00	277,556.28		24,443.72	-
Other Expenses	24,100.00	24,100.00	4,876.57	3,470.11	5,753.32	10,000.00
Cultural Arts						
Other Expenses	5,000.00	5,000.00	4,011.84		988.16	-
Grant Coordinator						
Other Expenses	35,000.00	35,000.00	28,522.00		6,478.00	-
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Official						
Salaries & Wages	345,500.00	345,500.00	319,491.77		26,008.23	-
Other Expenses	22,000.00	22,000.00	11,882.58	2,887.46	7,229.96	-
<b>UNCLASSIFIED</b>						
Accumulated Leave Compensation	100,000.00	100,000.00	100,000.00		-	-
Maintenance Agreements - Contractual	120,000.00	130,000.00	114,329.33		15,670.67	-
Storm Reserve	100,000.00	100,000.00	100,000.00		-	-

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electric	230,000.00	230,000.00	158,466.21	24,626.50	-
Street Lighting	210,000.00	210,000.00	190,469.80	18,886.46	-
Telephone	115,000.00	115,000.00	97,204.81	-	-
Gas	60,000.00	60,000.00	42,172.81	6,636.42	-
Fuel	110,000.00	110,000.00	73,578.59	5,651.91	-
Cable	15,000.00	15,000.00	9,907.30	-	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>20,665,475.00</b>	<b>20,645,475.00</b>	<b>18,657,562.06</b>	<b>431,204.98</b>	<b>125,000.00</b>
Contingent	500.00	500.00	-	500.00	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>20,665,975.00</b>	<b>20,645,975.00</b>	<b>18,657,562.06</b>	<b>431,204.98</b>	<b>125,000.00</b>
Detail:					
Salaries & Wages	12,588,710.00	12,539,710.00	12,069,111.43	-	15,000.00
Other Expenses	8,077,265.00	8,106,265.00	6,588,450.63	431,204.98	110,000.00
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>					
Deferred Charges:					
None	-	-	-	-	-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	416,114.00	416,114.00	416,113.18	0.82	-
Social Security System (O.A.S.I.)	979,186.00	979,186.00	920,686.79	58,499.21	-
Police and Firemen's Retirement System	1,912,382.00	1,912,382.00	1,912,382.00	-	-
Unemployment Compensation Insurance	30,000.00	50,000.00	8,061.54	41,938.46	-
Lifeguard Pension	20,000.00	20,000.00	20,000.00	-	-
Defined Contribution Retirement Program	5,000.00	5,000.00	2,906.01	2,093.99	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>3,362,682.00</b>	<b>3,382,682.00</b>	<b>3,280,149.52</b>	<b>-</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>24,028,657.00</b>	<b>24,028,657.00</b>	<b>21,937,711.58</b>	<b>431,204.98</b>	<b>125,000.00</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
(A) Operations - Excluded from "CAPS"					
Reserve for Tax Appeals	500.00	500.00	500.00	-	-
Fire Prevention Inspections					
Salaries & Wages	323,000.00	323,000.00	307,897.66	15,102.34	-
Other Expenses	25,500.00	25,500.00	11,290.86	2,007.69	-
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>349,000.00</b>	<b>349,000.00</b>	<b>319,688.52</b>	<b>2,007.69</b>	<b>-</b>

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Safe and Secure Communities Program						
Police						
Salaries & Wages	30,000.00	30,000.00	30,000.00	-	-	-
Body Armor Grant	3,353.77	3,353.77	3,353.77	-	-	-
Matching Funds to Grants	10,000.00	10,000.00	-	-	10,000.00	-
N.J. Transportation Trust Fund Authority Act	305,000.00	305,000.00	305,000.00	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse - County	11,280.00	11,280.00	11,280.00	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse - Match	2,820.00	2,820.00	2,820.00	-	-	-
Cops in Shops	4,400.00	4,400.00	4,400.00	-	-	-
Drunk Driving Enforcement Fund	5,467.17	5,467.17	5,467.17	-	-	-
U Drive U Text U Pay	2,475.00	2,475.00	2,475.00	-	-	-
Clean Communities Program	41,711.50	41,711.50	41,711.50	-	-	-
Recycling Tonnage Grant	13,786.44	13,786.44	13,786.44	-	-	-
Drive Sober or Get Pulled Over	2,400.00	2,400.00	2,400.00	-	-	-
Total Public and Private Programs Off-Set by Revenues	374,795.94	432,693.88	422,693.88	-	10,000.00	-
Total Operations - Excluded from "CAPS"	723,795.94	781,693.88	742,382.40	2,007.69	37,303.79	-
Detail:						
Salaries & Wages	353,000.00	353,000.00	337,897.66	-	15,102.34	-
Other Expenses	370,795.94	428,693.88	404,484.74	2,007.69	22,201.45	-
(C) Capital Improvements						
Capital Improvement Fund	75,000.00	75,000.00	75,000.00	-	-	-
Total Capital Improvements	75,000.00	75,000.00	75,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	2,610,000.00	2,610,000.00	2,610,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	32,000.00	32,000.00	32,000.00	-	-	-
Interest on Bonds	896,974.00	896,974.00	896,973.88	-	-	0.12
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	37,310.00	37,310.00	37,309.91	-	-	0.09
Total Debt Service	3,576,284.00	3,576,284.00	3,576,283.79	-	-	0.21
(E) Deferred Charges - Municipal - Excluded from "CAPS"						
Deferred Charges to Future Taxation:						
None	-	-	-	-	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	-	-	-	-	-	-

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



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(I) Local School District Purposes - Excluded from "CAPS"						
Type I District School Debt Service						
Payment of Bond Principal	520,000.00	520,000.00	520,000.00	-	-	-
Payment of Bond Anticipation Notes	550,000.00	550,000.00	550,000.00	-	-	-
Interest on Bonds	78,000.00	78,000.00	78,000.00	-	-	-
(J) Deferred Charges and Statutory Expenditures - Excluded from "CAPS"						
Capital Project for Land, Building or Equipment	516,000.00	516,000.00	516,000.00	-	-	-
(K) TOTAL MUNICIPAL APPROPRIATIONS FOR LOCAL SCHOOL DISTRICT PURPOSES EXCLUDED FROM "CAPS"	<u>1,664,000.00</u>	<u>1,664,000.00</u>	<u>1,664,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,039,079.94	6,096,977.88	6,057,666.19	2,007.69	37,303.79	0.21
SUBTOTAL GENERAL APPROPRIATIONS	30,067,736.94	30,125,634.88	27,995,377.77	433,212.67	1,572,044.23	125,000.21
(M) Reserve for Uncollected Taxes	1,421,184.27	1,421,184.27	1,421,184.27	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 31,488,921.21</u>	<u>31,546,819.15</u>	<u>29,416,562.04</u>	<u>433,212.67</u>	<u>1,572,044.23</u>	<u>125,000.21</u>
Budget		31,488,921.21			Cancelled	125,000.21
Appropriations by 40A-4-87		57,897.94			Overexpended	-
		<u>31,546,819.15</u>				<u>125,000.21</u>
Reserve for Uncollected Taxes		1,421,184.27				
Federal and State Grants		419,873.88				
Reserve for Tax Appeals		500.00				
Accounts Payable		63,630.00				
Disbursements		27,511,373.89				
		<u>29,416,562.04</u>				

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

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 2,024.60	2,304.80
	<u>2,024.60</u>	<u>2,304.80</u>
<u>Other Funds</u>		
Cash and Investments	4,773,166.49	4,245,759.90
	<u>4,773,166.49</u>	<u>4,245,759.90</u>
	\$ <u>4,775,191.09</u>	<u>4,248,064.70</u>

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

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 1,361.20	1,641.40
Due to Current Fund	663.40	663.40
	<u>2,024.60</u>	<u>2,304.80</u>
<u>Other Funds</u>		
Reserve for Accumulated Absences	1,255,906.81	1,393,066.23
Reserve for Special Law Enforcement	54,671.94	53,643.91
Reserve for Police Special Detail Escrow	77,350.00	1,000.00
Reserve for POAA	2,204.00	2,189.00
Reserve for Engineering Escrow	280,042.32	185,861.73
Reserve for Lifeguard Pension	551,622.18	560,122.95
Reserve for Recreation	131,637.51	206,844.08
Reserve for Recreation Green Team	47,477.85	27,075.99
Reserve for Garden Club	14,664.08	15,855.62
Reserve for COAH	1,328,066.51	814,805.79
Reserve for Health Insurance Trust	-	-
Reserve for Tax Title Lien Redemptions	7,500.48	10,584.03
Reserve for Tax Title Lien Premiums	404,704.00	477,904.00
Reserve for Due to Third Parties Eng Escrow	20,594.25	20,594.25
Reserve for Fire Prevention	4,222.00	2,934.00
Reserve for Storm Expenses	578,124.36	458,226.84
Reserve for Municipal Alliance Donations	14,378.20	15,051.48
	<u>4,773,166.49</u>	<u>4,245,759.90</u>
	\$ <u><u>4,775,191.09</u></u>	<u><u>4,248,064.70</u></u>

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

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

	2020	2019
<u>ASSETS</u>		
Cash	\$ 9,300,842.05	11,151,039.43
Grant Receivable - FEMA House Raising 2017	7,786,605.90	8,699,045.09
Deferred Charges to Future Taxation -		
Funded	26,276,886.83	29,439,184.38
Unfunded	7,102,278.28	7,792,779.72
	<u>50,466,613.06</u>	<u>57,082,048.62</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	23,970,000.00	26,580,000.00
School Type I Bonds Payable	2,080,000.00	2,600,000.00
Green Trust Loan Payable	226,886.83	259,184.38
Bond Anticipation Notes	600,000.00	550,000.00
Due to Current Fund	346.93	10,753.06
Improvement Authorizations:		
Funded	17,643,775.03	20,143,737.74
Unfunded	3,253,045.84	3,719,411.46
Reserve for Encumbrances	2,064,214.70	1,609,637.24
Reserve for Bonds and Notes	132,719.61	377,719.61
Reserve for Future Capital Project	264,555.00	264,555.00
Reserve for Payment of School Debt	152.56	576,152.56
Capital Improvement Fund	110,250.00	270,250.00
Fund Balance	120,666.56	120,647.57
	<u>\$ 50,466,613.06</u>	<u>57,082,048.62</u>

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

2019	7,242,779.72
2020	6,502,278.28

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

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 120,647.57	120,647.57
Increased by:		
Golf Course Utility - Fund Balance	18.99	-
Decreased by:		
None	-	-
Ending Balance December 31	<u>\$ 120,666.56</u>	<u>120,647.57</u>

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

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

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash	\$ 5,611,830.60	5,166,634.35
Interfunds and Receivables:		
Due from Water Sewer Capital	333.32	10,331.37
Due from Current Fund	518.70	-
	<u>5,612,682.62</u>	<u>5,176,965.72</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	367,873.42	368,238.57
	<u>367,873.42</u>	<u>368,238.57</u>
Total Operating Fund	<u>5,980,556.04</u>	<u>5,545,204.29</u>
Capital Fund:		
Cash	7,931,820.04	10,044,502.08
New Jersey EIT Receivable	24,227.00	24,227.00
Fixed Capital	36,498,122.76	36,498,122.76
Fixed Capital - Authorized and Uncompleted	14,552,176.85	14,552,176.85
Total Capital Fund	<u>59,006,346.65</u>	<u>61,119,028.69</u>
	<u>\$ 64,986,902.69</u>	<u>66,664,232.98</u>

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

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

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 779,122.90	608,024.63
Reserve for Encumbrances	57,433.97	299,112.08
Overpaid Rents	1,159,656.75	1,123,175.83
Accrued Interest on Bonds and Notes	118,867.00	131,431.63
Reserve for Insurance Proceeds	5,500.00	5,500.00
	<u>2,120,580.62</u>	<u>2,167,244.17</u>
Reserve for Receivables	367,873.42	269,334.37
Fund Balance	3,492,102.00	3,108,625.75
	<u>5,980,556.04</u>	<u>5,545,204.29</u>
Total Operating Fund		
Capital Fund:		
Encumbrances Payable	417,337.77	270,452.44
Serial Bonds Payable	8,995,000.00	9,765,000.00
NJEIT Bonds & Loans	3,709,881.29	4,092,735.52
Improvement Authorizations:		
Funded	7,445,688.65	9,595,257.97
Unfunded	920,000.00	920,000.00
Due to Water Sewer Operating	333.32	10,331.37
Reserve for Amortization	37,355,068.32	36,202,214.09
Reserve for Bonds and Notes	92,687.30	192,687.30
Deferred Reserve for Amortization	70,350.00	70,350.00
Fund Balance	-	-
	<u>59,006,346.65</u>	<u>61,119,028.69</u>
Total Capital Fund		
	<u>\$ 64,986,902.69</u>	<u>66,664,232.98</u>

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

2019	920,000.00
2020	920,000.00

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

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

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 324,000.00	200,000.00
Water and Sewer Rents	5,875,668.32	5,788,101.91
Reserve for Debt Service	100,000.00	-
Miscellaneous	204,200.98	160,036.06
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	654,692.47	342,373.57
Total Income	<u>7,158,561.77</u>	<u>6,490,511.54</u>
Expenditures		
Operations:		
Salaries and Wages	1,120,000.00	1,075,000.00
Other Expenses	3,450,000.00	3,419,700.00
Debt Service	1,557,698.01	1,332,354.36
Deferred Charges and Statutory Expenditures	214,850.00	216,200.00
Refunds	9,633.31	-
Total Expenditures	<u>6,352,181.32</u>	<u>6,043,254.36</u>
Excess in Revenue	<u>806,380.45</u>	<u>447,257.18</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>806,380.45</u>	<u>447,257.18</u>
Fund Balance January 1	<u>3,009,721.55</u>	<u>2,762,464.37</u>
	3,816,102.00	3,209,721.55
Decreased by:		
Utilization as Anticipated Revenue	<u>324,000.00</u>	<u>200,000.00</u>
Fund Balance December 31	<u>\$ 3,492,102.00</u>	<u>3,009,721.55</u>

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



**WATER AND SEWER UTILITY CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ -	-
Increased by:		
None	-	-
Decreased by:		
None	-	-
	<u>          </u>	<u>          </u>
Ending Balance December 31	\$ <u>          </u>	- <u>          </u>

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

**WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Anticipated Revenue:			
Surplus Anticipated	\$ 324,000.00	324,000.00	-
Water Rents	2,270,000.00	2,315,841.83	45,841.83
Sewer Rents	3,515,000.00	3,559,826.49	44,826.49
Reserve for Debt Service	100,000.00	100,000.00	-
Miscellaneous	153,705.00	204,200.98	50,495.98
	<u>\$ 6,362,705.00</u>	<u>6,503,869.30</u>	<u>141,164.30</u>

Analysis of Realized Revenue:

Water and Sewer Rents		
Accounts Receivable	5,875,668.32	
Total Water & Sewer Rents		<u>5,875,668.32</u>
Miscellaneous Revenue		
Penalties and Interest	28,634.64	
Water/Sewer Connections	5,400.00	
Water Reading Fees	30,625.00	
Hydrants Permits/Usage	1,078.00	
Fire Sprinkler Fee	14,740.00	
Shut Off Notice Fee	1,200.00	
Meter Parts/Set Up	79,482.00	
Interest on Investments	37,146.82	
Miscellaneous	5,894.52	
Total Miscellaneous		<u>204,200.98</u>

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

**WATER AND SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 1,100,000.00	1,120,000.00	1,090,029.13	29,970.87	
Other Expenses	3,470,000.00	3,450,000.00	2,649,390.20	743,175.83	
	<u>4,570,000.00</u>	<u>4,570,000.00</u>	<u>3,739,419.33</u>	<u>773,146.70</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	1,152,855.00	1,152,855.00	1,152,854.23	0.00	0.77
Interest on Bonds	425,000.00	425,000.00	404,843.78	(0.00)	20,156.22
	<u>1,577,855.00</u>	<u>1,577,855.00</u>	<u>1,557,698.01</u>	<u>(0.00)</u>	<u>20,156.99</u>
Deferred Charges and Statutory Expenditures:					
Contribution to: Public Employees Retirement System	128,850.00	128,850.00	128,850.00	-	
Social Security System (O.A.S.I.)	84,000.00	84,000.00	80,023.80	3,976.20	
Unemployment Compensation Insurance	2,000.00	2,000.00		2,000.00	
	<u>214,850.00</u>	<u>214,850.00</u>	<u>208,873.80</u>	<u>5,976.20</u>	<u>-</u>
	<u>6,362,705.00</u>	<u>6,362,705.00</u>	<u>5,505,991.14</u>	<u>779,122.90</u>	<u>20,156.99</u>
		Cash Disbursed \$	5,518,555.77	Cancelled	20,156.99
		Accrued Interest	(12,564.63)	Overexpended	-
			<u>5,505,991.14</u>		<u>20,156.99</u>

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

**GOLF COURSE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	** 2020	2019
<u>Assets</u>		
Operating Fund:		
Cash and Investments	\$ -	17,641.63
Total Operating Fund	<u>-</u>	<u>17,641.63</u>
Capital Fund:		
Cash and Investments	-	18.99
Fixed Capital:		
Completed	-	5,229,283.54
Authorized and Uncompleted	-	351,716.46
Total Capital Fund	<u>-</u>	<u>5,581,018.99</u>
	<u>\$ -</u>	<u>5,598,660.62</u>

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

**GOLF COURSE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	** 2020	2019
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ -	2,000.00
Due Current Fund	-	-
	<u>-</u>	<u>2,000.00</u>
Fund Balance	<u>(0.00)</u>	<u>15,641.63</u>
Total Operating Fund	<u>(0.00)</u>	<u>17,641.63</u>
Capital Fund:		
Bond Anticipation Notes Payable	-	632,000.00
Improvement Authorizations:		
Funded	-	-
Unfunded	-	-
Reserve for Amortization	-	4,934,950.00
Reserve for Deferred Amortization	-	14,050.00
Fund Balance	-	18.99
Total Capital Fund	<u>-</u>	<u>5,581,018.99</u>
	<u>\$ (0.00)</u>	<u>5,598,660.62</u>

\*\* Ordinance 22-2019 eliminated the City's Golf Course Utility Funds.

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

	2020	2019
Revenue and Other Income Realized		
Fund Balance Utilized	\$ -	-
Golf Course Charges	-	757,173.88
Golf Course Charges - F&B	-	21,600.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	-	407.47
Reserve for Payment of Debt	-	-
Deficit (General Budget)	-	-
Total Income	<u>-</u>	<u>779,181.35</u>
Expenditures:		
Operating	-	734,000.00
Debt Service	-	29,000.00
Deferred Charges and Statutory Expenditures	-	950.00
Total Expenditures	<u>-</u>	<u>763,950.00</u>
Excess/(Deficit) in Revenue	<u>-</u>	<u>15,231.35</u>
Adjustments to Income Before Fund Balance:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	-	15,231.35
Fund Balance January 1	<u>15,641.63</u>	<u>410.28</u>
Decreased By:		
Due to Current Fund - Dissolution of Golf Utility	15,641.63	-
Balance December 31	<u>\$ (0.00)</u>	<u>15,641.63</u>

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

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

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 18.99	18.99
Increased by:		
None	-	-
Decreased by:		
Due to General Capital - Dissolution of Golf Utility Capital	18.99	-
Ending Balance December 31	<u>\$ -</u>	<u>18.99</u>

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

**CITY OF BRIGANTINE  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
General Fixed Assets:		
Land and Land Improvements	\$ 41,788,725.26	40,525,284.43
Buildings and Improvements	42,008,550.00	37,259,070.71
Machinery and Equipment	<u>9,765,487.66</u>	<u>8,953,267.20</u>
Total General Fixed Assets	<u><u>93,562,762.92</u></u>	<u><u>86,737,622.34</u></u>
 Investment in General Fixed Assets	 \$ <u><u>93,562,762.92</u></u>	 <u><u>86,737,622.34</u></u>

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



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

**A. Reporting Entity**

The City of Brigantine is an island community in the County of Atlantic, State of New Jersey. The City comprises an area of approximately 6.39 square miles with a population according to the 2010 census of 9,450.

The City is incorporated and operates under a Mayor - Council form of government. The Mayor is the chief officer of the City. The Council exercises the legislative power. The Manager oversees the day-to-day operation of the City. The Mayor and Council members are elected by the voters and the Manager is appointed by the Mayor and Council.

Except as noted below, the financial statements of the City of Brigantine include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Brigantine, 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 Brigantine 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 Brigantine 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.

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

Golf Course Utility Operating and Capital Funds -- account for the operations and acquisition of capital facilities of the municipally owned golf course. The City's Golf Course Utility Funds were eliminated by Ordinance 22-2019. The operations of the Golf Course are now a part of the City's Current Fund.

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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**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 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 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 \$5,000.00 are capitalized.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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 have not been accounted for separately.

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

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

The municipality is responsible for remitting 100% of the City of Brigantine School District and the County of Atlantic 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 Brigantine 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 water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and Sewer charges are based on flat fees and usage based on the type of City. Water charges are billed semi-annually and due June and December 1<sup>st</sup>. Sewer charges are billed semi-annually and due January and July 1<sup>st</sup>.

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.

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.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**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.

**F. Recent Accounting Pronouncements Not Yet Effective**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after June 15, 2021, may have an effect on the City's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any an effect on the City's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91 "Conduit Debt Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2021, will not have any an effect on the City's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93 "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after June 15, 2020, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Private Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96 "Subscription-Based Information Technology Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is partially effective immediately and also for fiscal years beginning after June 15, 2021. This statement will not have any an 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 City is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$1,421,184.27 and \$1,427,252.27. To balance the budget, the City is required to show a budgeted fund balance. There was \$2,850,000.00 fund balance budgeted to balance both the 2020 and 2019 statutory budgets. In addition, the City operates a self-liquidating water and 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 fund balance budgeted to balance the water and sewer utility budget in 2020 and 2019 was \$324,000.00 and \$200,000.00.

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 2020 and 2019, the following budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
Clean Communities Program	\$ 41,711.50	46,259.62
Municipal Alliance on Alcoholism and Drug Abuse		16,319.00
Community Development Block Program - ADA Curb Cuts		33,152.00
NJ Transportation Municipal Aid Program - Sheridan Blvd		300,000.00
Recycling Tonnage Grant	13,786.44	
Federal Bullet Proof Vests		3,055.31
Drive Sober or Get Pulled Over	2,400.00	

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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 more significant budget transfers were approved in the 2020 and 2019 calendar years:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Legal Services		
Other Expenses	\$	(80,000.00)
Fire Department		
Salaries and Wages		(40,000.00)
Police Department		
Salaries and Wages		(40,000.00)
Streets and Roads Maintenance		
Salaries and Wages	(18,400.00)	
Solid Waste Collection		
Other Expenses		(35,000.00)
Unemployment Compensation Insurance	20,000.00	
Capital Improvement Fund		230,000.00
<u>Water Sewer Utility Operating Fund:</u>		None
Operations		
Salaries and Wages	20,000.00	
Other Expenses	(20,000.00)	
<u>Golf Course Utility Operating Fund:</u>	None	None

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. As of December 31, 2020, the City did not have any special emergency appropriations.

**NOTE 3: INVESTMENTS**

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

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

**Concentration of Credit Risk.** The City places no limit on the amount that they can invest in any one issuer.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**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 City'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 City in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2020, \$231,294.10 of the City's bank balance of \$40,547,190.68 was exposed to custodial credit risk. As of December 31, 2019, \$238,962.45 of the City's bank balance of \$41,689,030.71 was exposed to custodial credit risk.

**New Jersey Cash Management Fund –** During the year, the City participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Funds are not subject to custodial credit risk as defined above. At December 31, 2020 the City's deposits with the New Jersey Cash Management Fund were \$18,179,644.69.

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Land and Land Improvements	\$ 40,398,200.00	127,084.43		40,525,284.43
Buildings and Improvements	37,259,070.71			37,259,070.71
Equipment and Machinery	8,053,217.17	933,355.03	(33,305.00)	8,953,267.20
	<u>85,710,487.88</u>	<u>1,060,439.46</u>	<u>(33,305.00)</u>	<u>86,737,622.34</u>
	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Land and Land Improvements	\$ 40,525,284.43	1,263,440.83		41,788,725.26
Buildings and Improvements	37,259,070.71	4,749,479.29		42,008,550.00
Equipment and Machinery	8,953,267.20	838,170.46	(25,950.00)	9,765,487.66
	<u>86,737,622.34</u>	<u>6,851,090.58</u>	<u>(25,950.00)</u>	<u>93,562,762.92</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation				
Notes payable:				
General	\$ 1,066,000.00	550,000.00	1,066,000.00	550,000.00
Golf Course Utility	661,000.00	632,000.00	661,000.00	632,000.00
	<u>\$ 1,727,000.00</u>	<u>1,182,000.00</u>	<u>1,727,000.00</u>	<u>1,182,000.00</u>
	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation				
Notes payable:				
General	\$ 550,000.00	632,000.00	582,000.00	600,000.00
Golf Course Utility	632,000.00		632,000.00	-
	<u>\$ 1,182,000.00</u>	<u>632,000.00</u>	<u>1,214,000.00</u>	<u>600,000.00</u>

The note is held by the Current Fund. As of December 31, 2020, the City has authorized but not issued bonds in the amount of \$6,502,278.28 and \$920,000.00 in the General Capital Fund and Water and Sewer Utility Capital Fund respectively.

**NOTE 7: LONG TERM DEBT**

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	Balance 12/31/2018	Issued	Retired	Balance 12/31/2019	Amounts Due Within One Year
Bonds payable:					
General	\$ 20,140,000.00	12,110,000.00	3,070,000.00	29,180,000.00	2,610,000.00
Water Sewer Utility	3,900,000.00	6,375,000.00	510,000.00	9,765,000.00	770,000.00
Total	<u>24,040,000.00</u>	<u>18,485,000.00</u>	<u>3,580,000.00</u>	<u>38,945,000.00</u>	<u>3,380,000.00</u>
Other liabilities:					
Loans Payable:					
General	290,845.55		31,661.17	259,184.38	32,297.56
Water Sewer Utility	4,703,823.81		611,088.29	4,092,735.52	382,854.23
Compensated					
Absences Payable	<u>4,925,534.56</u>		<u>336,365.32</u>	<u>4,589,169.24</u>	
Total long-term liabilities	<u>\$ 33,960,203.92</u>	<u>18,485,000.00</u>	<u>4,559,114.78</u>	<u>47,886,089.14</u>	<u>3,795,151.79</u>



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Amounts Due Within One Year
Bonds payable:					
General	\$ 29,180,000.00		3,130,000.00	26,050,000.00	3,290,000.00
Water Sewer Utility	9,765,000.00		770,000.00	8,995,000.00	765,000.00
Total	38,945,000.00	-	3,900,000.00	35,045,000.00	4,055,000.00
Other liabilities:					
Loans Payable:					
General	259,184.38		32,297.56	226,886.82	32,946.74
Water Sewer Utility	4,092,735.52		382,854.23	3,709,881.29	392,854.23
Compensated Absences Payable	4,589,169.24	103,135.35		4,692,304.59	
Total long-term liabilities	<u>\$ 47,886,089.14</u>	<u>103,135.35</u>	<u>4,315,151.79</u>	<u>43,674,072.70</u>	<u>4,480,800.97</u>

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

\$9,000,000 General Obligation Bonds dated July 7, 2012 due in annual installments through July 15, 2024 bearing interest at various rates. The balance remaining as of December 31, 2020, is \$3,360,000.00.

\$6,850,000 General Obligation Bonds dated December 1, 2015 due in annual installments through December 1, 2024 bearing interest at various rates. The balance remaining as of December 31, 2020, is \$3,790,000.00.

\$6,450,000 General Obligation Bonds dated October 15, 2017 due in annual installments through October 15, 2030 bearing interest at various rates. The balance remaining as of December 31, 2020, is \$5,380,000.00.

\$13,000,000 General Obligation Bonds dated September 18, 2019 due in annual installments through October 1, 2031 bearing interest at various rates. The balance remaining as of December 31, 2020, is \$11,440,000.00.

\$5,850,000 Type I School Bond dated July 7, 2012, due in annual installments through July 15, 2024, bearing interest at various rates. The balance remaining as of December 31, 2020, is \$2,080,000.00.

\$72,803 Green Trust Loan dated 1997, due in annual installments through 2017, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2020, is \$532.41.

\$600,000 Green Trust Loan dated 2007, due in annual installments through March 16, 2027, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2020, is \$226,354.42.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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

\$1,800,000 Water and Sewer Utility Bond dated March 15, 2008, due in annual installments through January 15, 2020, bearing interest at various rates. There is no balance remaining as of December 31, 2020.

\$1,400,000 Water and Sewer Utility Bond dated July 17, 2012, due in annual installments through July 15, 2023, bearing interest at various rates. The balance remaining as of December 31, 2020, is \$480,000.00.

\$3,000,000 Water and Sewer Utility Bond dated October 15, 2017 due in annual installments through October 15, 2030 bearing interest at various rates. The balance remaining as of December 31, 2020, is \$2,490,000.00.

\$7,000,000 Water and Sewer Utility Bond dated September 18, 2019 due in annual installments through October 15, 2030 bearing interest at various rates. The balance remaining as of December 31, 2020, is \$6,025,000.00.

\$325,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated March 10, 2010, due in annual installments through August 1, 2029, bearing interest at various rates. The balance remaining as of December 31, 2020, is \$195,000.00.

\$931,500 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated March 10, 2010, due in annual installments through August 1, 2019, bearing no interest rate. The balance remaining as of December 31, 2020, is \$443,369.00.

\$2,335,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated February 2, 2010, due in annual installments through August 1, 2030, bearing interest at various rates. The balance remaining as of December 31, 2020, is \$1,125,000.00.

\$2,512,650 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated February 2, 2011, due in annual installments through August 1, 2030, bearing no interest rate. The balance remaining as of December 31, 2020, is \$844,718.78.

\$435,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated May 28, 2015, due in annual installments through August 1, 2034, bearing interest at various rates. The balance remaining as of December 31, 2020, is \$355,000.00.

\$1,049,067 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated May 28, 2015, due in annual installments through August 1, 2034, bearing no interest rate. The balance remaining as of December 31, 2020, is \$746,793.51.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Green Trust Loans Issued and Outstanding

Year Ending December 31,	General Capital Bonds		Year Ending December 31,	General Capital Green Trust	
	Principal	Interest		Principal	Interest
2021	\$ 2,770,000.00	796,937.50	2021	\$ 32,946.74	4,363.18
2022	2,870,000.00	701,237.50	2022	33,608.96	3,700.96
2023	2,960,000.00	600,937.50	2023	34,284.52	3,025.40
2024	3,100,000.00	489,537.50	2024	34,973.63	2,336.29
2025	2,385,000.00	392,337.50	2025	35,676.60	1,633.32
2026-2030	8,550,000.00	1,004,312.50	2026-2029	55,396.38	1,100.92
2031	1,335,000.00	40,050.00			
	<u>\$ 23,970,000.00</u>	<u>4,025,350.00</u>		<u>\$ 226,886.83</u>	<u>16,160.07</u>

Year Ending December 31,	Utility Capital Fund	
	Principal	Interest
2021	\$ 1,157,854.23	398,987.50
2022	1,202,854.23	358,237.50
2023	1,252,854.23	315,137.50
2024	1,137,854.23	269,637.50
2025	1,197,854.23	236,287.50
2026-2030	5,717,240.43	627,187.50
2031-2034	1,038,369.71	33,800.00
	<u>\$ 12,704,881.29</u>	<u>2,239,275.00</u>

As of December 31, 2020, 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 \$901,453.82 and to the water and sewer utility budget was \$404,843.78.

<u>Summary of Municipal Debt</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 26,876,886.83	\$ 29,989,184.38	\$ 21,496,845.55
Water/Sewer Utility - Bonds and Notes	12,704,881.29	13,857,735.52	8,603,823.81
Golf Course Utility - Bonds and Notes	-	632,000.00	661,000.00
Total Issued	<u>39,581,768.12</u>	<u>44,478,919.90</u>	<u>30,761,669.36</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	6,502,278.28	7,242,779.72	13,010,942.00
Water/Sewer Utility - Bonds and Notes	920,000.00	920,000.00	1,750,000.00
Beach Utility - Bonds and Notes	-	-	950.00
Total Authorized But Not Issued	<u>7,422,278.28</u>	<u>8,162,779.72</u>	<u>14,761,892.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 47,004,046.40</u>	<u>\$ 52,641,699.62</u>	<u>\$ 45,523,561.36</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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 0.929%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 2,080,000.00	2,080,000.00	-
Utility Debt	13,624,881.29	13,624,881.29	-
General Debt	31,299,165.11		31,299,165.11
	<u>\$ 47,004,046.40</u>	<u>15,704,881.29</u>	<u>31,299,165.11</u>

Net Debt \$31,299,165.11 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,368,150,829.00 = 0.929%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$	117,885,279
Net Debt		31,299,165
Remaining Borrowing Power	<u>\$</u>	<u>86,586,114</u>

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

	2021	2020
Current Fund	\$ 3,200,000.00	2,850,000.00
Water/Sewer Utility	508,355.00	324,000.00

**NOTE 9: SCHOOL TAXES**

Local District School Tax in the amount of \$15,888,114.00 has been raised for the 2020 and 2019 calendar years and remitted to the school district.

**NOTE 10: 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:

	Balance 12/31/20	Balance 12/31/19
Prepaid Taxes	\$ 1,225,482.08	1,124,342.00
Cash Liability for Taxes Collected in Advance	<u>\$ 1,225,482.08</u>	<u>1,124,342.00</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 11: 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) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*Public Employees' Retirement System*

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

*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 (NJSA 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 NJSA 43: 15c-1 et seq. Currently there are seven individuals enrolled in DCRP.

*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.

*Pension Plan for Lifeguards*

The City of Brigantine has established a pension plan to provide retirement, disability, and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary and contributed to plan for his benefit for his/her benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45<sup>th</sup> birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his/her application.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

*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 current PERS rate is 15.11% of covered payroll. The City's contributions to PERS for the years ended December 31, 2020, 2019, and 2018 were \$544,963.18, \$571,074.20, and \$544,238.92.

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, 2020, 2019, and 2018 were \$1,912,382.00, \$1,840,776.00, and \$1,576,110.00.

The total payroll for the year ended December 31, 2020 was \$12,069,570.10. Payroll covered by PFRS was \$6,517,675.00 and PERS was \$4,156,035.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2020, 2019, and 2018 was \$20,000.00, \$20,000.00 and \$20,000.00. The City's trust for the Lifeguard Pension at December 31, 2020 was \$551,622.18. Currently there are nine individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2020, 2019, and 2018 were \$66,193.61, \$61,383.96, and \$61,383.96.

*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 2012, 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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Note 12: 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, 2020:

**Public Employees' Retirement System**

The City has a liability of \$9,388,329.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. 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, 2020, the City's proportion would be 0.05757102720%, which would be an increase of 3.20% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the city would have recognized pension expense of \$97,634.00. At December 31, 2020, 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	\$ 170,946	\$ (33,201)
Changes of assumptions	304,568	(3,930,982)
Changes in proportion	401,162	(310,619)
Net difference between projected and actual earnings on pension plan investments	320,901	
Total	<u>\$ 1,197,577</u>	<u>\$ (4,274,802)</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,	
2021	\$ (1,144,391)
2022	(1,043,337)
2023	(596,240)
2024	(241,110)
2025	(52,147)
Total	<u>\$ (3,077,225)</u>



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (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-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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 projected future benefit payments of current plan members through 2057. 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 City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 11,181,474	\$ 9,388,329	\$ 7,868,753

*Pension plan fiduciary net position.*

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Police and Firemen's Retirement System**

The City has a liability of \$23,690,431.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. 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, 2020, the City's proportion would be 0.1833437550%, which would be a decrease of 3.16% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the city would have recognized pension expense of \$744,155.00. At December 31, 2020, 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	\$ 238,840	\$ (85,022)
Changes of assumptions	59,617	(6,351,263)
Changes in proportion	957,069	(1,348,791)
Net difference between projected and actual earnings on pension plan investments	1,389,081	
Total	<u>\$ 2,644,607</u>	<u>\$ (7,785,076)</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,	
2021	\$ (2,398,880)
2022	(1,618,953)
2023	(659,087)
2024	(248,980)
2025	(214,569)
Total	<u>\$ (5,140,469)</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation of July 1, 2019, which was rolled forward to June 30, 2020. 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% - 15.25% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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, 2020, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	30,618,737.93	23,690,431.00	17,936,096.39

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. 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 2020, the State contributed an amount less 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 0.18334375550% for 2020. The net pension liability amount allocated to the City was \$3,676,647.00. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$416,674.00 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 13 – 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) Comprehensive Annual Financial Report (CAFR), which can be found at:

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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 as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, 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, 2018 through June 30, 2019. 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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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

*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, 2019 is as follows:

	June 30, 2019
	Collective
	Total
Total OPEB Liability	\$ 13,819,244,582
Plan Fiduciary Net Position	273,173,482
Net OPEB Liability	<u>\$ 13,546,071,100</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%

At June 30, 2019, the State's proportionate share for the Special Funding Situation that is associated with the City is \$21,686,181.00. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.394144% which was an increase from the prior year of 18.30%.

For the Year ended June 30, 2019, the State of New Jersey realized Total OPEB Expense in the amount of \$287,000.00 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

Inflation rate	2.50%
Salary increases*:	
PERS: Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS:	
Rate for all fiscal years	3.25% to 15.25%

\* Salary increases are based on years of service within the respective plan.



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Mortality:**

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

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

*Health Care Trend Assumptions*

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

*Discount Rate*

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

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

The following presents the Net OPEB liability as of June 30, 2019, 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 (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Collective				
Net OPEB Liability	\$	15,662,704,137	\$ 13,546,071,100	\$ 11,826,026,995

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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

The following presents the net OPEB liability as of June 30, 2019, 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Collective			
Net OPEB Liability	\$ 11,431,214,644	\$ 13,546,071,100	\$ 16,243,926,531

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

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ (3,961,399,180)
Changes of assumptions		(4,800,426,301)
Net difference between projected and actual earnings on OPEB plan investments	11,158,226	
Changes in proportion and differences between contributions and proportionate share of contributions		
Total	\$ <u>11,158,226</u>	\$ <u>(8,761,825,481)</u>

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:

<u>Year ended June 30,</u>	<u>Collective Totals</u>
2020	\$ (1,425,201,517)
2021	(1,425,201,517)
2022	(1,426,076,187)
2023	(1,427,489,995)
2024	(1,428,781,861)
Thereafter	(1,617,916,178)
Total	\$ <u>(8,750,667,255)</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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, 2019 are as follows:

Service cost	\$	666,574,660
Interest on Total OPEB Liability		636,082,461
Expected Investment Return		(11,286,267)
Administrative Expenses		9,478,435
Changes of Benefit Terms		(1,903,958)
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:		
Differences between Expected and Actual Experience		(619,405,071)
Changes in Assumptions		(809,376,790)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments		3,580,344
Total Collective OPEB Expense	\$	<u>(126,256,186)</u>

**NOTE 14: POST-RETIREMENT BENEFITS**

Retired members of the PBA and the fire department are entitled to an annual allowance of up to \$900.00 for dental work. During 2020, the City provided post-retirement dental coverage to sixty-one (61) retired employees. In accordance with GASB Statement 75 "Accounting and Financial Reporting For Post-employment Benefits Other Than Pensions" ("OPEB") and the State of New Jersey, the City obtained an actuarial valuation of the liability for providing these benefits.

City employees are also eligible to participate in the single – employer OPEB Plan discussed below.

A retiree and their covered dependents may also receive City-paid dental and vision benefits for a period of 3 to 5 years in accordance with labor agreements if they meet any one of the following requirements:

- (1) Twenty-five (25) years or more of full-time service with the City and Twenty-five (25) years or more enrolled in the pension system; or

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The City reports all OPEB related costs on the "pay as you go" basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the City.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 138 total participants including 61 retirees.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**Annual OPEB Cost and Net OPEB Liability**

The City's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2020 actuarial valuation, the "Entry-Age-Normal as a Percentage of Salary" method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 1.93%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years.

**Other Post-employment Benefit Costs and Obligations**

In the January 1, 2020 actuarial valuation, the Actuarially Determined Contribution for the year ending December 31, 2020 were projected as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Service Cost	\$ 72,619.00	66,678.00	68,659.00
30 Year Amortization of NOL at 3.26	209,751.00	203,032.00	201,335.00
Actuarially Determined Contribution	282,370.00	269,710.00	269,994.00
Actual Contribution	28,284.00	30,376.00	19,889.00
Excess Contribution	\$ (254,086.00)	(239,334.00)	(250,105.00)
Covered Payroll	\$ 7,735,843.00	7,571,000.00	7,720,474.00
Actuarially Determined Contribution as a % of Covered Payroll	0.37%	0.40%	0.26%

The following reflects the change in the Total OPEB Liability as of the January 1, 2020 valuation date for the Year ended December 31, 2020.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 3,046,847.00	2,849,357.00	2,825,547.00
Changes for the Year:			
Service Cost	72,619.00	66,678.00	68,659.00
Interest	98,866.00	103,164.00	102,488.00
Assumption Changes & Difference			
Between Actual & Expected Experience	284,597.00	(143,354.00)	(127,448.00)
Change in Assumptions	776,641.00	201,378.00	-
Change in Actuarial Cost Method	-	-	-
Benefit Payments	(28,284.00)	(30,376.00)	(19,889.00)
OPEB Liability, End of Year	<u>\$ 4,251,286.00</u>	<u>3,046,847.00</u>	<u>2,849,357.00</u>
Covered payroll (for Covered Participants)	\$ 7,735,843.00	7,571,000.00	7,720,474.00
Total OPEB liability as a percentage of covered payroll	54.96%	40.24%	36.91%

**Sensitivity of the total OPEB liability to changes in the discount rate.**

The January 1, 2020, valuation was prepared using a discount rate of 1.93%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$3,667,403.00 or by 2.93%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$4,835,169.00 or by 0.93%.

<u>Discount Rate</u>			
	<u>1% Decrease</u>	<u>Baseline 1.93%</u>	<u>1% Increase</u>
Total OPEB Liability \$	<u>4,835,169</u>	<u>\$ 4,251,286</u>	<u>\$ 3,667,403</u>

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.**

The January 1, 2020, valuation was prepared using an initial trend rate of 5.00%. If the trend rate were 1% higher than what was used in this valuation, the total OPEB liability would increase to \$5,041,865.00 or by 6.00%. If the trend rate were 1% lower than was used in this valuation, the total OPEB liability would decrease to \$3,588,472.00 or by 4.00%.

<u>Healthcare Cost Trend Rates</u>			
	<u>1% Decrease</u>	<u>Baseline 5.00%</u>	<u>1% Increase</u>
Total OPEB Liability \$	<u>3,588,472</u>	<u>\$ 4,251,286</u>	<u>\$ 5,041,865</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

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

For the year ended December 31, 2020, the City's Actuarially determined OPEB expense was \$314,413.00. At December 31, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Increase in January 1, 2020 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ 1,060,666.00	\$ 187,171.00
Total	<u>\$ 1,060,666.00</u>	<u>\$ 187,171.00</u>

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

For the Year Ending December 31,

2021	\$ 142,928
2022	142,928
2023	142,928
2024	142,928
2025	142,928
2026	158,855
	<u>\$ 873,495</u>

**NOTE 14: ACCRUED SICK AND VACATION BENEFITS**

The City has permitted employees to accrue unused vacation and sick time, which may be taken as time off or paid at a later date. Personal time accrued during the year must be used during that year and does not accrue.

Upon termination or retirement, unused earned vacation hours are paid out in total at the employees' current hourly rate, sick time payouts vary with the different bargaining units and are determined by contractual agreements and hire dates as follows:

- Hired prior to May 22, 2010 - The majority of the sick time liability lies within the police and fire departments. Police and Fire employees having more than \$50,000 in accrued sick time will be capped at 9 months of their salary as of January 1, 2015. All other employees with \$50,000 or less in accrued sick time will be capped at the greater of \$50,000 or the dollar value of the hours accrued.
- Hired after May 22, 2010 – Sick time payout for all employees is capped at a payout of \$15,000.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)**

The total monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The City has been providing in the budget amounts to cover anticipated payouts during the budget year. At December 31, 2020, the City estimates this liability to be approximately \$4,692,304.59 based upon 2020 pay rates and compensated balances.

**NOTE 15: ECONOMIC DEPENDENCY**

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

**NOTE 16: 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, 2020 and 2019 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.

**NOTE 17: DEFERRED COMPENSATION**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998 the City of Brigantine amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (City of Brigantine) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrators are Hartford, Aflac, AXA Capital and Valic.

**NOTE 18: CONTINGENT LIABILITIES**

From time to time, 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 19: FEDERAL AND STATE GRANTS**

In the normal course of operations, the City received grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 20: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2020, the following interfunds were included on the balance sheets of the various funds of the City of Brigantine:

	Due From	Due To
Current Fund:		
General Capital	\$ 346.93	
Animal Control Fund	663.40	
Water-Sewer Operating Fund		518.70
Animal Control Fund		663.40
General Capital Fund		346.93
Water-Sewer Operating Fund:		
Current Fund	518.70	
Water-Sewer Capital Fund	333.32	
Water-Sewer Capital Fund:		
Water-Sewer Operating Fund		333.32
	\$ <u>1,862.35</u>	<u>1,862.35</u>

The balances are primarily the result of disbursements made from the various funds which were not reimbursed prior to year end.

**NOTE 21: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through July 12, 2021, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

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

City Council of the  
City of Brigantine, in the  
County of Atlantic, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Brigantine, in the County of Atlantic, New Jersey (the "City"), in connection with the issuance by the City of \$6,065,000 Water/Sewer Utility Bonds, Series 2021 (the "Bonds"), 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 us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the City adopted on October 6, 2021 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

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 Bonds are valid and legally binding obligations of the City payable 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 Bonds in order to preserve the tax-exempt status of the Bonds 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. 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 Bonds 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 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds 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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