

New Issue – Book Entry Only

Rating: Not Rated

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the City (as defined herein) with certain tax covenants described herein, under existing law, interest on the Note (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 Note 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 Note 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 VINELAND,  
In the County of Cumberland, State of New Jersey**

**\$17,550,000 BOND ANTICIPATION NOTE**

**Dated Date: November 13, 2019**  
**Maturity Date: November 12, 2020**  
**Interest Rate: \_\_\_\_\_%**  
**Re-Offer Yield: \_\_\_\_\_%**  
**CUSIP No. \_\_\_\_\_**

The \$17,550,000 Bond Anticipation Note (the “Note”) of the City of Vineland, in the County of Cumberland, State of New Jersey (the “City”), will be issued to (i) currently refund \$7,900,000 of the City’s \$12,900,000 Bond Anticipation Note, dated and issued on November 14, 2018 and maturing November 14, 2019, together with a \$500,000 principal reduction payment from the 2019 budget and \$4,500,000 from proceeds of the City’s General Improvement Bonds dated October 1, 2019, (ii) provide \$9,650,000 in new money to fund various capital improvements and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Note.

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

The Note is a valid and legally binding obligation of the City of and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all the taxable real property within the City for the payment of the Note 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 Note is offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor in connection with the issuance of the Note. It is expected that the Note will be available for delivery through DTC in New York, New York, on or about November 13, 2019.

**BIDS FOR THE NOTE WILL BE RECEIVED IN ACCORDANCE WITH THE FULL NOTICE OF SALE,  
BY THE CITY’S MUNICIPAL ADVISOR, PHOENIX ADVISORS, LLC, UNTIL 11:30 A.M. ON THURSDAY,  
NOVEMBER 7, 2019, VIA FACSIMILIE: (609) 291-9940, EMAIL: [stracey@muniadvisors.com](mailto:stracey@muniadvisors.com) OR PARITY.**

**CITY OF VINELAND,  
IN THE COUNTY OF CUMBERLAND, NEW JERSEY**

**MAYOR**

Anthony R. Fanucci

**COUNCIL MEMBERS**

Paul Spinelli  
David Acosta  
Ronald Franceschini, Jr.  
Albert Vargas  
Dr. Elizabeth Arthur

**CHIEF FINANCIAL OFFICER**

Susan M. Baldosaro

**CLERK**

Keith Petrosky

**CITY ATTORNEY**

Richard P. Tonetta, Esquire  
Vineland, New Jersey

**AUDITOR**

Ford, Scott & Associates LLC  
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 Note 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 (as defined herein) or, as to information from sources other than itself, by the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in any of the information herein since the date hereof or 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 Note 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 Note in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE NOTE 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 have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

"CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP number listed on the cover hereof is being provided solely for the convenience of Noteholders only at the time of issuance of the Note and the City does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Note as a result of various subsequent actions including, as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Note.

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**OFFICIAL STATEMENT**  
**Relating to**  
**CITY OF VINELAND,**  
**IN THE COUNTY OF CUMBERLAND, NEW JERSEY**  
**\$17,550,000 BOND ANTICIPATION NOTE**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the City of Vineland (the "City"), in the County of Cumberland (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of a \$17,550,000 Bond Anticipation Note (the "Note"). 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 Note described herein.

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

**THE NOTE**

**General Description**

The Note is dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Note will be issued in the form of one certificate for the aggregate principal amount of the Note.

The principal of and interest due on the Note will be paid to the registered owners by the City as paying agent (the "Paying Agent"). Principal of and interest due on the Note will be credited to the registered owner as of the business day immediately preceding the maturity date of the Note (the "Record Date" for the payment of principal and interest on the Note).

The Note is issuable as a fully registered book-entry obligation in the form of one certificate in the principal amount of the Note. The Note may be purchased in book-entry only form in the amount of \$5,000 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 Note, payments of the principal of and interest on the Note will be made by the Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC.

**Redemption**

The Note is not subject to redemption prior to its stated maturity.

## **Book-Entry Only System**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Note, payment of principal of and interest and other payments on the Note to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Note and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the City.

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

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

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

To facilitate subsequent transfers, all securities 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 the Note with DTC and its registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note 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.

Redemption notices, if applicable, shall be sent to DTC. If less than all of the Note is being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

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

Redemption proceeds, if applicable, and principal and interest payments on the Note 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 will be the responsibility of such participant and not of DTC, 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 and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Note 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 depository is not obtained, Note certificates are required to be printed and delivered.

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

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

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

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

### **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 Note 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 NOTE**

### **Authorization of the Note**

The Note has been authorized by and is being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), and (ii) the bond ordinances of the City set forth below (the "Bond Ordinances").

<b><u>Bond Ordinance</u></b>	<b><u>Description</u></b>	<b><u>Refunding Amounts</u></b>	<b><u>New Money Amounts</u></b>	<b><u>Total Principal Amount of Notes</u></b>
2016-38	Various capital improvements, finally adopted October 11, 2016.	\$2,300,000	\$0	\$2,300,000
2017-29	Improvements to various recreational fields, finally adopted April 11, 2017.	330,000	0	330,000
2017-31	Demolition and disposal of unsafe buildings and structures, finally adopted April 25, 2017.	603,250	0	603,250
2017-54	Improvements to various roads and related drainage throughout the City, finally adopted August 8, 2017.	4,000,000	750,000	4,750,000



<b><u>Bond Ordinance</u></b>	<b><u>Description</u></b>	<b><u>Refunding Amounts</u></b>	<b><u>New Money Amounts</u></b>	<b><u>Total Principal Amount of Notes</u></b>
2017-61	Park improvements at Burnt Mill Pond and the design of the historic foot bridge, finally adopted September 12, 2017.	423,750	0	423,750
2017-64	Various capital improvements, finally adopted September 26, 2017.	243,000	1,000,000	1,243,000
2018-74	Various capital improvements, finally adopted December 1, 2018.	0	3,000,000	3,000,000
2019-17	Burns Avenue extension redevelopment area, finally adopted March 12, 2019.	0	1,400,000	1,400,000
2019-18	Improvements to various roads, finally adopted March 22, 2019.	0	1,000,000	1,000,000
2019-25	Various capital improvements, finally adopted March 12, 2019.	<u>0</u>	<u>2,500,000</u>	<u>2,500,000</u>
	<b>TOTAL:</b>	\$7,900,000	\$9,650,000	\$17,550,000

The proceeds from the sale and issuance of the Note will be used to (i) currently refund \$7,900,000 of the City's \$12,900,000 Bond Anticipation Note, dated and issued on November 14, 2018 and maturing November 14, 2019, together with a \$500,000 principal reduction payment from the 2019 budget and \$4,500,000 from proceeds of the City's General Improvement Bonds dated October 1, 2019, (ii) provide \$9,650,000 in new money to fund various capital improvements and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Note.

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

The Note is a valid and legally binding obligation 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 Note. The City is required by law to levy *ad valorem* taxes upon all the real property taxable within the City for the payment of the principal of and the interest on the Note 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 or sinking fund installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the City are general full faith and credit obligations.

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of City, as annually determined by the State Director of Taxation is \$4,096,851,344.67.

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.

The City has not exceeded its statutory debt limit. As of December 31, 2018, the statutory net debt as a percentage of average equalized valuation was 1.066%. As noted above, the statutory limit is 3½%.

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.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. 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 (“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, re-evaluation programs, revision and codification of ordinances, master plan preparation drainage map preparation for flood control purposes and contractually required severance liabilities, 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.

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 (3) 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 "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

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 years' 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 real 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. A revaluation of all property in the City was last completed in 2013.

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, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special 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.

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. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. A table detailing tax title liens is included in Appendix "A".

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 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.

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

This law regulates the non-budgetary financial activities of local governments. 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 report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 for the City is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Note 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 Note in order to assure that interest on the Note 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 Note to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Note. The City will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Note, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Note and has covenanted not to take any action or fail to take any action that would cause interest on the Note 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 Note from gross income for federal income tax purposes and with respect to the treatment of interest on the Note 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 Note 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 Note 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 Note 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 the effect of future changes in (i) 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 Note ends with the issuance of the Note, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Note 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 Note, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Note 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 Note 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 Note.

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

### **Original Issue Premium**

The Note may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Note to a purchaser (other than a purchaser who holds the Note 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 Note 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 Note. Accordingly, an owner of the Note may have taxable gain from the disposition of the Note, even though the Note is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Note. Bond premium amortizes over the term of the Note under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Note 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 Note.

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

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

### **Bank-Qualification**

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

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 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.

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Note. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Note will not have an adverse effect on the tax status of interest on the Note or the market value or marketability of the Note. 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 Note 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 Note 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 NOTE ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTE, 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 NOTE SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

### **LITIGATION**

To the knowledge of the City Attorney, Richard P. Tonetta, Esq., Vineland, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Note, or the levy or the collection of any taxes to pay the principal of or the interest on the Note, or in any manner questioning the authority or the proceedings for the issuance of the Note 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.



## SECONDARY MARKET DISCLOSURE

The City has covenanted for the benefit of the holders and the beneficial owners of the Note to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Note remains outstanding (unless the Note has been wholly defeased), the City will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of any of the following events with respect to the Note:

- (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 Note, or other material events affecting the tax status of the Note;
- (7) Modifications to rights of Noteholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Note, 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 and 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 or 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.

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

The City has previously entered into written undertakings to provide ongoing disclosure pursuant to the requirements of the Rule. Within the five years immediately preceding the date of this Official Statement, the City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal year ending December 31, 2013; and (ii) operating data for the fiscal year ending December 31, 2013. Additionally, the City previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; and (ii) operating data, all as described above, and late filing notices and/or event notices in connection with (a) certain bond insurer rating changes 2014; and (b) an underlying rating change in 2014. Such notices of events and late filings have since been filed with EMMA. The City appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

There can be no assurance that there will be a secondary market for the sale or purchase of the Note. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the City may affect the future liquidity of the Note.

## **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.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Note is subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the City, whose approving legal opinion will be delivered with the Note substantially in the form set forth as Appendix "C". Certain legal matters will be passed on for the City by its City Attorney, Richard P. Tonetta, Esq., Vineland, New Jersey.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the City with respect to the issuance of the Note (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.

## **UNDERWRITING**

\_\_\_\_\_ (the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the Note at a purchase price of \$\_\_\_\_\_. The purchase price reflects the principal amount of the Note, plus original issue premium of \$\_\_\_\_\_. The Note is being offered to the public at the yield set forth on the cover page of this Official Statement, which yield may be changed from time to time by the Underwriter without notice. The Note may be offered and sold to dealers, including the Underwriter and dealers acquiring the Note for their own account or any account managed by them, at prices lower than the public offering price.

## **FINANCIAL STATEMENTS**

The audited financial statements of the City for the year ended December 31, 2018 are presented in Appendix "B" to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Ford, Scott & Associates, LLC, Ocean City, New Jersey, an independent auditor, as stated in its report appearing in Appendix "B" to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B - Financial Statements of the City of Vineland".

## **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 of the City, 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.

Ford, Scott & Associates LLC has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the City's audited financial statements. They have not verified the accuracy of other information or the completeness and fairness of that and other information contained herein, and accordingly, express no opinion with respect thereto. However, they take responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix "B".

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

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

Phoenix Advisors, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Susan M. Baldosaro, the City's Chief Financial Officer at 640 East Wood Street, Vineland, New Jersey 08360, telephone (856) 794-4000 (Ext. 4271) or by e-mail at [sbaldosaro@vinelandcity.org](mailto:sbaldosaro@vinelandcity.org), or the Municipal Advisor, Phoenix Advisors, LLC at 625 Farnsworth Avenue, Bordentown, New Jersey, New Jersey 08505, (609) 291-0130.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the City, the Underwriter and the holders of the Note. 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 Note made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the City since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

### **CITY OF VINELAND**

By: \_\_\_\_\_  
Susan M. Baldosaro,  
Chief Financial Officer

Dated: November \_\_, 2019

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**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION  
ABOUT THE CITY OF VINELAND**

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

### **History**

The City of Vineland (the “City”), located in the County of Cumberland (the “County”), New Jersey (the “State”) was established in 1861 when a young attorney and real estate developer, Charles K. Landis, purchased 32,000 acres of burned-over scrub forest after deciding that the area had ideal soil conditions and climate for growing fruits and vegetables. “Intending to make it a vine country, I called it Vineland,” he declared. He imagined a city that would combine the best of country and city life - a city with farms and factories, orchards and boulevards. He also knew that it had a mild winter, and thus a longer planting season than other locations in the northeast. Finally, he saw the potential it possessed being strategically located near Philadelphia and New York.

The City expanded in population, agriculture and industry. Southern New Jersey was found to be rich in glass sand, so the glass industry proliferated in the City as early as 1897. Dr. Thomas B. Welch first prepared and bottled his new Welch’s “grape juice” in the City in 1875 for use in church services. Other City inventors developed an electric trolley, a railroad sleeping car, a knitting machine and a walking doll. The City’s poultry industry was a leading innovator in the production, grading and quality of its products. Even today, the City continues to host the largest food auction east of the Mississippi and is known as the “salad dandelion and eggplant capital of the world”. The sandy soil also contributed to the establishment of a high-quality reservoir of water known as the Cohansey Basin, which is the last unrestricted basin in the State.

In 1952, the Borough of Vineland and the surrounding Township of Landis consolidated to form the City, which at 69.5 square miles makes the City the largest city in the State in terms of area. The City is located approximately 35 miles southeast of Philadelphia, PA and the same distance northwest of Atlantic City, NJ. In 1990, State Route 55 was expanded to a four-lane superhighway, a direct link to the interstate highway system which serves the major ports of Wilmington, DE, Philadelphia, PA and New York, NY. The City is additionally serviced by an extensive rail system that provides bulk transportation to all of the major commerce centers.

### **City Government**

The City has strong Mayor-Council form of government known as the Mayor-Council Plan A authorized under the Optional Municipal Charter Law of 1950, known as the Faulkner Act. The Mayor is separately elected and is designated as the Chief Executive Officer.

All mayoral appointments serve terms equal to the Mayor’s. The Mayor may remove any department director at his pleasure, but City Council can override any Mayoral removal by a two-thirds vote. Mayoral appointments are subject to approval by the City Council.

The City Council, comprised of five members, is elected at the same time as the Mayor. All terms are of equal lengths, four years, and are concurrent with the term of the Mayor. The President of the City Council is elected by and from its members. The City Council is legislative

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

in purpose. Any legislation adopted by the City Council may be vetoed by the Mayor. However, the City Council may override a Mayoral veto by a two-thirds vote of all City Council members. The City Council appoints the City Clerk and Chief Financial Officer and approves the City budget submitted by the Mayor.

In accordance with the Faulkner Act, the City must have a Department of Administration and may have up to nine other departments. At present, the City has eight “other departments” which have been established by ordinance. In 1996, the City reduced from 10 to 9 departments due to the consolidation of the Departments of Streets and Roads and Public Buildings and Grounds to create the Department of Public Works. The ranges of services that the departments provide are both traditional and responsive to the desires of the constituency. Unique to municipal entities in the State is the City’s Electric Utility, the only municipally owned electric generating utility in the State, under the Department of Municipal Utilities.

### **Local Economy**

The unemployment rate continued to decrease in 2018 for Vineland and the Vineland-Millville-Bridgeton area. The 2018 average unemployment rate for Vineland was 6.2% and 6.5% for the Vineland-Millville-Bridgeton area. The unemployment rate has been on a steady decline since it peaked in 2011 at 13%.

According to the State Department of Labor and Workforce Development, the Vineland/Millville/Bridgeton Labor Area’s private sector workforce grew by 300 jobs over 2017 and 900 jobs over 2016. Goods producing had a slight decrease from 2017 to 2018 but increased from 2016 to 2018. Service providing jobs increased by 400 from 2017 to 2018. Trade, Transportation, and Utilities increased by 100 from 2017 to 2018 and 400 from 2016 to 2018. Information and Professional and Business Services each increased by 200 jobs, while Financial Activities decreased by 100 jobs. The Education and Health Services sector increased by 300 jobs over 2017 and 700 jobs over 2016. Government jobs continued to decrease by 100 jobs over 2017 and 500 jobs over 2016.

The City’s food industry continues to expand and includes processing, packaging, cold storage and baking. The area has a rich agriculture history, and food related industries have been expanding for the past decade. Recent expansions include Del Rey Farms, which added 22,000 sq. ft., First Choice Freezer & Cold Storage, which added 60,000 sq. ft., Seashore Fruit and Produce, which acquired and renovated a vacant building of over 50,000 sq. ft., JD Produce, which added 17,235 sq. ft., M & O Freezer & Cold Storage, which acquired City land and constructed 50,000 sq. ft. and is already planning to add an additional 50,000 sq. ft., Davy Cold Storage, which is constructing a new 50,000 sq. ft. freezer adjacent to its current facility and Kopke Fruits, which acquired land from the city and is constructing a 50,000 sq. ft. facility. In addition, F & S Produce purchased the Progresso property, which was a 550,000 sq. ft. facility and is renovating the facility to include cold storage. The vacant Vineland Poultry Plant was purchased and renovated to be another poultry plant. The above projects represent approximately \$40 million of new investment in the City.

In addition to the food industry, the City still maintains a niche market in scientific glassware. Corning Pharmaceutical Glass expanded with an addition of 27,000 sq. ft, Chemglass constructed and new 78,750 sq. ft. facility next to their current facility and Porvair, which purchased J.G. Finneran in 2017 added an additional 20,000 sq. ft.

The City together with the Cumberland County Improvement Authority purchased 300 acres along State Route 55 to create a new industrial park. The total parcel was sold to NEP Realty which is currently under construction for a \$30 million project for North East Precast on approximately 80 acres and plans to construct an industrial park for other businesses on the remaining acreage.

Although bricks and mortar retail is on a decline nationally, the City had a vacant K-Mart shopping center redeveloped with a new Raymour and Flannigan furniture store, Gabes Retail Store, and construction of a new Olive Garden. Plans also include a new Aldi food store. Three new restaurants, in addition to the recently opened Olive Garden, have opened or are under construction this past year on the Delsea Drive corridor. The west corridor of Landis Avenue continues to be developed with a new Lidl food store and Panda Express. Plans have also been submitted for a new Planet Fitness.

Development of the Landis Avenue corridor continues on the east end with the development of a mixed-use 78-unit senior citizen complex, which opened in January 2018. The project redeveloped an entire city block located on the east gateway to the downtown. The City also approved a subdivision for the former Newcomb Hospital to construct two senior apartment complexes, two assisted living complexes, a new Emergency Management Services facility, and other health related businesses. The developer of the senior complex on Landis Avenue received tax credits for a 70-unit complex for the former Newcomb site and construction is anticipated to start in the fall of 2019. Healthcare continues to be the largest employer in the City. Inspira hospital recently completed a 6,200 sq. ft. addition to their emergency room and an 86,000 sq. ft. addition to add more beds to the facility.

The Vineland Revolving Loan Fund, which is funded through second generation Urban Enterprise Zone (“UEZ”) funding, continues to be an economic development engine for the City. Although the funding for the program was discontinued by the State in 2010, the City created a loan fund of approximately \$90 million of which it recycles the principal for new loans and finances economic development projects with part of the interest income. The Fund currently has a pipeline for future loans of approximately \$30 million for new businesses and business expansions in 2019. The State extended the tax incentives of the UEZ until 2023. Edison State College is currently conducting a study of the effectiveness of the program and if positive, funding may once again be provided to the UEZ communities.

Workforce training is a critical component of economic development. The County constructed a new 34,000 sq. ft. facility on the county college campus to house the Department of Economic Development and the Workforce Training and Investment Agency. The County also opened a 193,000 sq. ft. state-of-the-art full-time technical high school. Plans are now underway for an addition to the technical school that will focus on students concentrating in

health-related fields. The City works very closely with the County in assisting businesses with workforce needs.

## **Financial Institutions**

The City continues to be a banking and financial center for southern New Jersey. Three member firms of the New York Stock Exchange maintain offices in the City. Major regional banking institutions maintain branches in the City.

## **Police**

The City has a full-time Police Department under the day-to-day control of a Chief of Police. The Chief of Police reports to a civilian Director of Public Safety who is appointed by the Mayor. The Police Department is staffed 204 full and part-time personnel as follows:

- One (1) Director of Public Safety
- One (1) Police Chief
- One (1) Deputy Police Chief
- Four (4) Captains
- Seven (7) Lieutenants
- 25 Sergeants
- 115 Officers
- Nine (9) Class II Officers
- 10 Class I Officers
- 18 Public Safety Telecommunicators
- Seven (7) Records Clerks
- Two (2) Police Aides
- Three (3) Police Investigators
- Two (2) Animal Control Officers

The Police Department is responsible for all functions of law enforcement conducted in the City on a municipal level per State law. These functions include patrols and various units (anti-crime unit, community policing unit, traffic safety unit, training section, detective squads, juvenile unit, identification/crime scene unit, narcotics, K9, internal affairs, crime prevention, records section, animal control and an operations support section). The Police Department supervises and staffs a primary Public Safety Answering Point (“PSAP”) 9-1-1 center that handles all emergency and routine communications between the Police Department, EMS, Fire Department and residents of the City. The Police Department supervises and maintains the Motorola 800 MHz trunked radio system, including all equipment for all City departments.

The City is also in the process of building a new police headquarters to be completed in 2019. The new 66,000 sq. ft. facility, including a 12,000 sq. ft. basement for storage, will accommodate police staff, parking and support vehicles, public parking and the police K-9 unit. Two (2) stories tall and fully ADA accessible, the building includes a main lobby, records room, forensics, patrol and detective offices, prisoner processing, administrative offices, training rooms, locker rooms, a gym and a 911 call center. The building is also being constructed with

sustainable materials and features including indoor and outdoor water use reduction, energy performance, low emitting materials and daylighting.

## **Fire Protection**

The Chief of Fire reports to a civilian Director of Fire who is appointed by the Mayor. The Fire Department is a combined department consisting of the following career personnel, unless otherwise indicated, operating out of six (6) fire stations:

- One (1) Director of Fire
- One (1) Chief of Fire
- One (1) Deputy Chief of Fire
- Three (3) Platoon Captains
- Three (3) Platoon Lieutenants
- One (1) Administrative Lieutenant
- 19 Firefighters
- 128 Volunteer Firefighters
- One (1) Clerk

The career staff consists of three (3) platoons that rotate on a 24/48-hour work schedule. The daytime staff consists of the Director, Chief, Deputy Chief, Administrative Lieutenant and Clerk. The career staff is housed at the headquarters station and has a first alarm district in the more urban section of the City. The five (5) volunteer stations are located throughout the City. The staffing at each volunteer station consists of a District Chief, Deputy Chief, Captain, up to three (3) Lieutenants and approximately 15 to 30 Firefighters.

Primary responsibilities for the Fire Department are fire suppression and rescue, which includes automobile extrication, confined space, and technical and trench rescue. Hazardous materials mitigation, at the operational level, is also performed by suppression personnel.

The Fire Department has a state certified Hazardous Materials Response Team that operates at the technician level to respond to and mitigate hazardous material incidents in the City. The Hazmat Team has an agreement with the Cumberland County Health Department to handle hazardous material incidents throughout the County.

The Fire Prevention Bureau of the City's Fire Department is staffed by one (1) Fire Official, three (3) full time Deputy Fire Marshals (Inspectors), two (2) part-time Fire Inspectors and one (1) Clerk. The Fire Prevention Bureau is responsible for enforcing the State Uniform Fire Code. Members of the career suppression staff support the Fire Prevention Bureau by operating a Fire Investigations Unit, a Community Education Division, as well as, a Juvenile Fire Setter Program.

The Fire Department has a Training Division, under the direction of the career Deputy Chief along with a training committee, made up of both career and volunteer personnel. The Deputy Chief works with the members of the training committee to ensure training needs of the Fire Department are met.

## **Emergency Medical Service**

The City operates a 24-hour a day Emergency Medical Service (“EMS”) staffed by certified emergency medical technicians at multiple sites. The service normally provides at least three (3) ambulances staffed around the clock. Additional ambulances are added during periods of peak call volume, as needed and available. Additional resources are available to the City by surrounding municipalities. Similarly, the City provides back up services to neighboring jurisdictions. Staffed by full-time employees, the schedule is supplemented by part-time employees, as required.

Station #1, a 6,000 sq. ft. building located on Howard Street on the grounds of the old Newcomb Hospital, has been in the planning stages for over 10 years. Construction was completed in August 2019. The facility is state of the art for EMS and replaced the prior station located half-a-block away in an older home.

The new facility, which will operate 24-hours a day, also replaced the supervisory location at Station #5 on Butler Avenue. Administrative staff, previously located in the Department of Health of City Hall was also relocated to this station, and all the files from Station #5, City Hall and the basement of the Municipal Court are housed at the new station. Additionally, the equipment and supplies stored in the basement of Station #4 on Wheat Road moved to the basement storage area at the new Station #1, which will be accessed by a lift and allow for better control and management of EMS equipment and supplies.

## **Hospital/Healthcare**

As projected, the healthcare industry has had and continues to have the largest growth in job creation in the region. Inspira Health Network - Vineland, which operates an acute care hospital in the City, is the largest private employer with approximately 2,800 employees. In 2018, they continued their steady growth across the region by opening new facilities to serve our community. They created even more access points across South Jersey so that patients can easily get world-class care when they need it without going too far from home.

In 2018, Inspira made a priority to grow and expand to accommodate the increased demand for both emergency care and inpatient beds. Within days of opening the new patient floor, named for the Southern Oncology Hematology Associates they now boast 26 new private rooms, 56,000 square feet of new patient care space and 50 new patient/visitor parking spaces. Also new in 2018, is the Imaging Center at South Delsea, Vineland.

CompleteCare Health Network, a federally qualified health center is also located in the City of Vineland. CompleteCare is a 501(c)(3) organization that has a mission to provide services to lower income individuals. In 2016, CompleteCare opened their state-of-the-art Vineland Health Campus on Sherman Avenue. They have worked diligently to reduce access to their health care services in the opening of their RiteCare at the Bottinos Shoprite. A location offering primary medical care. By adding more providers, increasing hours, and optimizing our schedules they saw over 60,400 patients for over 256,000 visits. That is a tremendous number of people who have received high-quality, affordable healthcare through CompleteCare.

Inspira along with CompleteCare Health Network partnered with the Gateway Community Action Partnership to foster healthier families and communities in our region with the new, unique Wellness on Wheels van. The 31-foot-long “WOW” motorhome represents a proactive approach to preserving residents’ health and reducing emergency room visits.

## **Public Works**

The Department of Public Works consists of the following subdivisions:

- Recreation
- Public Property
- Solid Waste Management
- Streets, Roads and Sanitation
- Street Marking and Traffic Signs

The Department of Public Works responsibilities include the following:

- Maintenance of the streets and roads network of approximately 260 miles of roads
- Maintenance of approximately 560 acres of open space
- Maintenance of 19 parks and all recreational facilities and buildings in these parks
- Class B material handling facility
- Two Class C composting facilities
- Trash and Recycling removal for over 17,000 residences in a 69.5 square mile area
- Maintenance of 11 major municipal public buildings plus all other structures which are on public lands

The subdivision of Equipment Maintenance and Vehicle Fueling Facility, formerly under the Department of Public Works, was reassigned to the Department of Administration. The City also recently upgraded their Vehicle Maintenance Facility in partnership with the Cumberland County Improvement Authority. The newly renovated 15,000 sq. ft. garage located on Park Avenue will provide an advanced, multi-functional location for the management, maintenance and repair of the City’s municipal fleet of over 500 vehicles.

## **Engineering and Planning**

The City Engineer retains ultimate authority over the roadways, drainage system and City Right of Way with staff in the City Engineer’s Office and the Planning Office consisting of four (4) professional engineers, two (2) professional planners and one (1) professional land surveyor. The in-house staff reviews and processes all development applications submitted to the Planning Board and Zoning Board of Adjustment and administers all projects post-approval. Professional consulting services contracts are utilized to augment in-house staff for varied projects involving ponds, dams, environmental issues and other projects on an as needed basis.

Additionally, the City has a Geographic Information System (“GIS”) and digital tax map records of the City that tie in all City Utility service areas and are linked to the integrated software system. The City’s web site has incorporated the GIS to provide data and listings of available properties on a twenty-four hour a day basis to the public.

### **Industrial Commission**

The City markets and oversees its industrial parks through the Industrial Commission (the “Commission”). The Commission has seven (7) members appointed by the Mayor and City Council. The Commission sets the price of land in the industrial parks and approves the sale to potential buyers. The Commission does not sell land to speculators and a building permit must be obtained within two (2) years of the purchase of the property. In the past two (2) years the Commission approved the sale of four (4) lots in the city’s industrial parks, which is the most activity that the Industrial Commission has had since 2007.

### **Vineland Development Corp.**

The Vineland Development Corporation (the “VDC”) is a 501(c)(3) organization created by the City to carry out economic development initiatives on behalf of the City. There are nine (9) board members nominated by the Mayor with the approval of City Council. The Board consists of five (5) members of the Enterprise Zone Corp. of Vineland and Millville, which includes the Mayor and Council President, along with three members of the business community; and four (4) additional members of the business community. The VDC now oversees the UEZ loan fund in addition to redevelopment projects. The VDC has been very instrumental in redevelopment initiatives in the downtown.

### **Internet**

The City’s internet website, [www.vinelandcity.org](http://www.vinelandcity.org), was completely redesigned in 2018 in order to make it easier for residents, businesses, and visitors to access services, find information, and to communicate with City officials and municipal staff. The website features a responsive design that automatically scales the site to fit the end users’ needs on either a personal computer, tablet or smartphone; and incorporates instant language translation choices at the top of every page. A variety of navigation options to the most utilized elements of the website are available from the top dropdown menu, as well as, right hand page navigation links and footer links on every page. This includes items such as the municipal calendar, tax and utility payments, municipal ordinances, planning and zoning information, the City’s geographic information system, financial information, municipal notices and much more. Additionally, in order to facilitate transactions and public records for business owners and residents, the site now has a centralized forms page which contains key documents for all City departments in a fillable PDF format. Visitors can search the page by document title or department. The City’s website is updated on a regular basis in order to make sure individuals visiting the site have access to the most current information.



## **Electric Utility**

The Vineland Municipal Electric Utility (the “Electric Utility”) is the only municipally-owned electric utility in the State which owns and operates utility scale electric generation facilities. Since its 2004 acquisition of the Conectiv Power Delivery territory within the City, the Electric Utility provides service to virtually all of the City’s electric customers. The only exceptions are a few pockets in outlying areas of the City. Electric Utility earnings through the years have provided for the cost of operation, maintenance and debt service of the Electric Utility.

Effective July 16, 2009 with the adoption of Ordinance No. 2009-43, the Electric Utility and Water-Sewer Utility (the “Water Utility”) were formally placed under the Department of Municipal Utilities. Furthermore, the Director of the Municipal Utilities oversees the daily functions, operations and staff of the Department of Municipal Utilities.

The Electric Utility’s generating capacity is 144,000 kilowatts (kW), supplemented by various market purchases. The Electric Utility has Power Purchase Agreements for the off take from several solar generating facilities located throughout the City totaling almost 16,000 kW. Additionally, the Electric Utility receives a monthly allocation of 3.8 megawatts of New York Power Authority hydroelectric power. The Electric Utility also maintains interconnections with Atlantic City Electric Company with a capacity of 258,000 kilovolt-amperes (kVa), and membership in the Pennsylvania-New Jersey-Maryland, Interconnection Association pool, which includes the major investor-owned electric utilities and independent generators in the middle Atlantic region. Thus, the Electric Utility is able to meet the demands of its users even in times of emergency, and at times sells excess energy to other utilities when system conditions and economics warrant.

The Electric Utility completed construction of two new generating units in May of 2012 and the latest in 2015. The Electric Utility also ranked ninth in the nation in the use of solar energy on a per customer basis per a recent poll.

The Vineland Municipal Utilities Director was named 2014’s CEO of the year by Electric Light and Power magazine for novel approaches for renewable energy PPA’s, rate stability and environmental commitment.

The Electric Utility’s distribution systems consist of 463.6 pole-miles and 16,769 poles throughout the system. Total distribution system capacity is 282,200 kVa.

## **New Electric Utility Projects**

The Electric Utility is currently in the design stage to install a “Secondary Fuel Source” to its Clayville Generation Facility, which will enable it to run on oil, as well as its current fuel source of natural gas. Adding this secondary source will protect rate payers from volatile natural gas prices, particularly in winter months. It will also ensure the Electric Utility’s annual budgeting is adequate to eliminate over expenditures on fuel costs, as well as providing stability to power rates. To help justify the Clayville Facility project, the Electric Utility’s Unit-11

Generation Facility has been using this secondary fuel source concept for two (2) years, which has proved economically beneficial and helped eliminate such over expenditures on fuel costs. Completion is scheduled for November 2020 with a preliminary estimated cost of \$6 million.

The Electric Utility is also in the construction stage of 15,000 sq. ft. of office space for Generation and Distribution engineering and administrative staff, as well as the construction of a Generation Control Room. Construction of this space is essential for Electric Utility operations. The current working space, particularly trailers and portions of the original 100-year-old Generation building, is inadequate and will be eliminated as working space. Completion is scheduled for December 2019 with an estimated cost of \$5 million.

### **Municipal Utilities and New Jersey Retail Access**

The State restructured its energy industry with the passage of the Electric Discount and Energy Competition Act. Restructuring essentially involves the unbundling of services offered by utilities into competitive and non-competitive components and allowing other entities to compete to supply the competitive components. For example, electric utility service includes, but are not limited to, the following discrete services and costs: generating electricity, fuel for electricity generation, transmission, distribution, metering, billing, and customer service. Customers of investor-owned utilities have a choice of suppliers, for the energy component of the service, a process known as “retail access.” The State’s restructuring process was not mandatory for municipal utilities, and the Electric Utility, along with the nine (9) other Public Power Utilities in the State, choose not to implement retail access, and its customers cannot switch suppliers.

Nevertheless, if for any reason the City were to lose any of its customers, the Electric Utility would endeavor to reduce its costs accordingly. Certain operating costs, however, are fixed, such as debt service and fixed O&M. Bonds issued by the City for the Electric Utility are general obligations of the City, ultimately payable from the proceeds of *ad valorem* taxes.

The rates and services offered by the Electric Utility are not subject to the jurisdiction of the New Jersey Board of Public Utilities (“BPU”). A municipality is self-regulating unless the municipal utility operates outside its municipal limits, in which case the BPU may regulate the rates and services for those areas outside the City limits. The Electric Utility currently serves virtually all electric customers within the City and does not provide service outside of the City limits.

### **Water Utility**

The Water Utility was established in 1900 by the purchase of an existing private system of mains and pumps (the “System”). It is currently responsible only for water treatment and distribution. The System has grown with the expansion of the community. System earnings through the years have provided for the cost of operation, maintenance and debt service of such System.

The Water Utility is comprised of water mains in excess of 259 miles, 1,940 fire hydrants, more than 4,800 valves, eight elevated tanks with a total capacity of 7,700,000 gallons, and 13 wells with approximate depths of 160 feet. There are also 12 treatment/pump stations where raw water from the wells is treated to ensure compliance with all state and federal water quality standards. The Water Utility has a total pumping capacity of 20.35 million gallons per day and serves approximately 14,000 metered customers.

The Water Utility completed a detailed evaluation of the underground infrastructure in 2015. A long-term plan was developed for implementation starting in 2016 to address preservation and maintenance of underground water infrastructure. Current and future major capital projects include a new well No. 17, as well as additional improvements to the distribution system to strengthen the ability to meet current peak demand while providing reserve capacity for future projected growth and development. It also has initiated a contract for long term preservation and maintenance of all eight (8) of its elevated storage tanks.

### **Landis Sewerage Authority**

The Landis Sewerage Authority (“LSA”) was created by an act of City Council to provide for the collection, treatment, and disposal of sewerage for the residents and businesses of the City and surrounding areas. The LSA has the capacity and NJDEP permit to treat 10.2 million gallons of waste per day, with current flows of approximately 5.5 million gallons per day. The LSA received approval by the NJ Department of Environmental Protection on May 25, 2011 of its Wastewater Management Plan (“WMP”) and to potentially expand capacity to 10.75 million gallons per day under the plan. The LSA services approximately half of the City, which includes all of the industrial parks. The LSA in 2016 completed a borrowing of \$25 million for upgrades to its treatment plant and collection system in line with its WMP and the City Master Plan for planning and to provide for infrastructure upgrades and service out to year 2040. Engineering and construction have been ongoing from 2017 with most of the treatment plant construction to be completed in 2019 and pumping station upgrades ongoing into 2020.

### **The Solid Waste Utility**

The City dissolved its Garbage and Trash District effective June 30, 2011 and established a Solid Waste Utility effective July 1, 2011. It accounts for the collection and disposal of solid waste and recyclable materials and changed from a district tax (based on assessed value of a resident’s home & lot) to a flat monthly billing rate. The monthly billing for the garbage and trash was done to make the rate charged to citizens more equitable for everyone.

### **Library**

The Vineland Free Public Library (the “Library”), established under N.J.S.A. 40:54-2, et. seq., offers a wide range of services to its community. The Library houses over 100,000 books in print, audio, and digital formats, DVDs, CDs, newspapers, magazines, and online databases. 44 public computers are available throughout the Reference and Children’s and Teen areas allowing internet access, word processing, and educational software for children. Faxing, scanning, and color copying are also available. A 10-workstation computer lab is used for Adult Basic

Education classes in partnership with Cumberland County College. The Children's Department offers year-round programming for ages birth-12 and families. The Children's Department also conducts outreach to the Vineland Public School District and partners with multiple community organizations. A staffed Teen Center, for ages 13-18, is available during after-school hours and some Saturdays and offers teen-oriented activities and a makerspace. The Reference/Information Department schedules engaging and social activities and programs for those ages 18 through senior citizen. Reference staff provide specialized services such as resume help and proofreading. Through an active volunteer program, the Library provides one-to-one computer and ESL (English as a Second Language) tutoring services. The Library provides an array of resources in Spanish, and ESL classes are conducted on a regular basis. Art exhibits and special displays occur monthly, and event rooms are available to public and private entities for meeting space.

The Library is governed by its Board of Trustees. The Friends of Vineland Public Library, a charitable non-profit organization of volunteers, sponsors the Library's annual book sale, bus trips, and other fundraising efforts year-round to support programming and staff development. The Vineland Library Foundation, a charitable non-profit organization of volunteers, conducts larger fundraising efforts with the mission of supporting the Library's capital improvement efforts.

## **Recreation**

The Vineland Recreation Commission, administered under the Department of Public Works, provides varied and extensive programs to serve the needs of the City's youth, as well as the senior citizen population. The City has an established park system of 19 park and recreation facilities, totaling approximately 350 acres, more than 560 acres of undeveloped conservation land and five buildings; the Senior Citizen Center, the Carl Arthur Center, Vineland Mini Wrestling Building, Sabater Public Pool Building and the Police Athletic League Building that house additional programs to our citizens.

Programs involving large numbers of participants include the North, South and East Vineland Little Leagues, Vineland Pigtail League, Vineland Midget Football, Vineland Soccer Association, Vineland Basketball Association, Vineland Mini Wrestling Program, Men's Classic Softball League, Adult Women's Softball League, Co-Ed Volleyball, Adult Men's Horse Shoe League, Men's Cricket Ball, Vineland Blitz Football, Venom Travel Baseball, South Side Travel Baseball, along with the Vineland Disc Golf program. These programs serve well over 2,800 participants. To meet the growing demands, the City is continuously upgrading recreation facilities through the City budget and with the assistance from the Green Acres Grant Programs.

There is also passive recreation such as nature trails, animal, bird and plant life observation areas in Willow Oak Nature Park for our residents to enjoy.

## **Transportation and Infrastructure Investment**

The City has established a renewed emphasis on transportation infrastructure. In 2001, the Mayor proposed and City Council approved a professional evaluation of the condition of all

of the City's roads. In 2010, the plan was replaced with a computerized program and pavement condition rating system, which was subsequently updated in 2013 and 2018. The system also included an asset management component that links pavement conditions, repair methods and recommendations, traffic signage, and guide rail locations to the City's GIS. To support this financially, the Mayor's capital budget has included capital improvement authorizations for the infrastructure improvement program.

Additionally, funds through grants from the State Department of Transportation and the Federal Highway Administration are actively pursued for additional paving, signalization, pedestrian and streetscape upgrade projects. The Department of Public Works operates its own paving equipment necessary for the overlaying of some streets and the repair of streets that are damaged by utility installations. This in-house work has reduced the costs of repairs substantially.

The City, in accordance with the Federal Highway Administration ("FHWA") and the Manual on Uniform Traffic Control Devices ("MUTCD"), implemented a traffic sign maintenance program in 2016. The program consisted of an evaluation of all traffic signs and development of a GIS based database of all signs and conditions. The City's sign crew is equipped with a tablet to allow for field updates on sign replacements and work orders.

The City, in accordance with the State Stormwater regulations, has established a mapping system of the stormwater facilities. In conjunction with this, the City operates equipment for the cleaning of the storm sewer system. A routine maintenance schedule has been developed where all the storm drainage structures are inspected and cleaned on a rotating basis.

## **Community Planning**

The Master Plan of the City was adopted in 2008 and re-examined in 2018. The Zoning Ordinance, in addition to other portions of the Land Use Ordinance, that implement this plan, will be amended in 2019. The primary reason for revising the Plan was to deal with emergent issues, such as the insufficient supply of industrially zoned land and the need for housing in the vicinity of the new hospital. These issues developed because of the City's attractiveness for regional development. The City has little land remaining in its industrial parks along the Garden Road corridor because of a surge in construction, particularly cold storage and re-pack facilities. Additionally, the new hospital has generated a significant amount of spin-off development along the Sherman Avenue corridor.

In addition to the Master Plan, the City has adopted five (5) redevelopment plans: (i) Center City (the approximately one square mile core of the community), (ii) Newcomb Hospital (a vacant medical center), (iii) U-Pull-It (a former auto salvage yard), (iv) Energy and Minerals (an abandoned sand mining operation) and (v) Vineland Construction (a former trucking/warehousing operation). Rehabilitation and new construction have been initiated and continue in all five (5) districts. While there is construction activity in all five (5), the Energy and U-Pull-It site is nearly complete, with only one (1) pad site remaining. Like the new hospital, this project has generated spin-off development on abutting parcels. It is anticipated that the

installation of public sewer will further enhance the development potential of the Landis Avenue corridor between Route 55 and Delsea Drive.

The City has worked extensively to develop consistency in planning documents (i.e., municipal, County, State). The Wastewater Management Plan, developed by the LSA, advanced the content of the City Master Plan. The Wastewater Management Plan, which was finally approved by the State in 2011, is currently being updated by the County. The draft plan incorporates the land use amendments proposed when the Master Plan was re-examined last year. The City will continue to work with the County and the State to advance sound planning.

## **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 are 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 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.

## City Employees

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Permanent	582	560	550	570	558
Part-Time	122	219	128	147	142

## Collective Bargaining and Employee Agreements

There are nine (9) collective bargaining units that represent City employees. All employees are represented by one of these units based on their job titles and duties, unless the employee is a managerial executive or confidential employee defined by law. Some managerial executives also have individual employee agreements. The nine (9) collective bargaining units, along with a description of their membership, the individual employee agreements, and the duration of the respective agreements, are as follows:

- International Brotherhood of Electrical Workers, Local 210, Unit-1 represents Electric Utility personnel, excluding administrative staff (2017-2020).
- International Brotherhood of Electrical Workers, Local 210, Unit-2 represents blue collar and clerical personnel located in the Department of Public Works, Water Utility and various administrative offices, particularly City Hall. Unit-2 also represents Public Safety Telecommunicators in the Police Department (2019-2023).
- International Brotherhood of Electrical Workers, Local 210, Unit-3 represents supervisors of Unit-1, Unit-2 and EMT personnel (2018-2021).
- Policemen's Benevolent Association, Local 266 represents rank and file Police Officers (2019-2019).
- Vineland Superior Officers Association represents Police Sergeants and Lieutenants (2018-2020).
- Vineland Police Captains Association represents Police Captains (2018-2019).
- Firemen's Mutual Benevolent Association, Local 49 represents rank and file Firefighters (2018-2021).
- Firemen's Mutual Benevolent Association, Local 249 represents fire Lieutenants and Captains (2018-2021).
- International Association of EMT's and Paramedics, Local R2-75 represents rank and file Emergency Medical Technicians (2019-2022).
- Chief of Police (2018-2019)

- Chief of Fire (2018-2021)
- Chief of Emergency Medical Technician (2018-2021)
- Deputy Chief of Police (2019-2019)
- Deputy Chief of Fire (2019-2021)

### 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</u></b> <b><u>Labor Force</u></b>	<b><u>Employed</u></b> <b><u>Labor Force</u></b>	<b><u>Total</u></b> <b><u>Unemployed</u></b>	<b><u>Unemployment</u></b> <b><u>Rate</u></b>
<b><u>City</u></b>				
2018	27,379	25,686	1,693	6.2%
2017	27,841	25,951	1,890	6.8%
2016	28,103	26,096	2,007	7.1%
2015	28,427	26,022	2,405	8.5%
2014	28,451	25,685	2,766	9.7%
<b><u>County</u></b>				
2018	64,289	60,128	4,161	6.5%
2017	65,289	60,747	4,542	7.0%
2016	66,335	61,374	4,961	7.5%
2015	67,457	61,503	5,954	8.8%
2014	67,609	60,908	6,701	9.9%
<b><u>State</u></b>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

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 2017)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$51,113	\$50,000	\$76,475
Median Family Income	63,057	59,927	94,337
Per Capita Income	25,073	23,012	39,069

Source: US Bureau of the Census 2017

## Population

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

	<u>City</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	60,392	-0.55%	152,538	-2.78%	8,944,469	1.74%
2010	60,724	7.91	156,898	7.14	8,791,894	4.49
2000	56,271	2.72	146,438	6.07	8,414,350	8.85
1990	54,780	1.91	138,053	3.90	7,730,188	4.96
1980	53,753	13.41	132,866	9.47	7,365,001	2.75

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

## Building Permits

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2018	1,908	\$72,028,149
2017	2,304	64,165,711
2016	2,818	59,526,395
2015	2,796	40,065,465
2014	1,953	48,154,194

Source: City Construction Official

## Largest Taxpayers

The ten (10) largest taxpayers in the City and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2018 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Cumberland Mall Association	\$74,410,000	1.95%
Wal-Mart	20,500,000	0.54%
LBW Vineland, LLC	18,854,300	0.49%
Vineland Construction Corp	16,978,900	0.44%
Berks County Real Estate Assoc	16,200,000	0.42%
Lucca Realty LLC	14,497,300	0.38%
Maintree Shopping/Office Center	14,098,000	0.37%
NA Real Property Associates LLC	10,697,400	0.28%
Landis Avenue Properties	10,549,200	0.28%
Frank's Realty	<u>10,500,000</u>	<u>0.27%</u>
<b>Total</b>	<b><u>\$207,285,100</u></b>	<b><u>5.42%</u></b>

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

## Comparison of Tax Levies and Collections

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2018	\$107,838,818	\$104,411,235	96.82%
2017	103,559,012	100,729,720	97.27%
2016	100,387,968	97,552,644	97.18%
2015	97,460,490	94,473,959	96.94%
2014	92,557,084	89,772,718	96.99%

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>
2018	\$2,027,308	\$2,797,632	\$4,824,940	4.47%
2017	1,718,343	2,229,816	3,948,159	3.81%
2016	1,766,468	2,293,200	4,059,668	4.04%
2015	1,446,398	2,201,876	3,648,274	3.74%
2014	1,289,084	2,372,870	3,661,954	3.96%

Source: Annual Audit Reports of the City

## Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018	\$1,342,880
2017	1,342,880
2016	1,342,880
2015	1,342,880
2014	1,342,880

Source: Annual Audit Reports of the City

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>County</u>	<u>Special Imp. District</u>	<u>Total</u>
2018	\$0.947	\$0.036	\$0.622	\$1.206	\$0.079	\$2.811
2017	0.878	0.035	0.597	1.158	0.076	2.668
2016	0.820	0.036	0.581	1.139	0.072	2.576
2015	0.818	0.035	0.566	1.062	0.069	2.481
2014	0.771	0.034	0.544	0.997	0.058	2.346

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

## Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2018	\$3,822,095,000	\$4,078,641,554	93.71%	\$0	\$4,078,641,554
2017	3,854,968,100	4,126,049,556	93.43	0	4,126,049,556
2016	3,886,881,400	4,085,862,924	95.13	9,575,787	4,095,438,711
2015	3,909,815,400	4,166,025,999	93.85	10,145,097	4,176,171,096
2014	3,988,028,000	4,034,832,052	98.84	10,775,641	4,045,607,693

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2018	\$50,549,800	\$2,540,227,800	\$55,561,400	\$832,294,900	\$232,517,500	\$110,943,600	\$3,822,095,000
2017	51,680,600	2,534,420,300	56,203,300	853,105,800	247,990,400	111,567,700	3,854,968,100
2016	51,321,000	2,529,456,100	56,779,300	882,506,900	255,031,100	111,787,000	3,886,881,400
2015	51,454,700	2,518,603,400	67,323,300	891,508,700	263,641,300	117,284,000	3,909,815,400
2014	57,554,700	2,504,078,400	67,642,300	964,500,600	274,690,900	120,686,900	3,989,153,800

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

## Financial Operations

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

### Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$1,658,000	\$2,915,300	\$1,000,000	\$3,100,000	\$3,100,000
Miscellaneous Revenues	25,701,308	23,121,561	26,958,197	21,612,050	22,204,046
Receipts from Delinquent Taxes	2,000,000	2,200,000	1,060,000	2,307,000	1,900,000
Amount to be Raised by Taxation	<u>33,380,657</u>	<u>33,340,032</u>	<u>35,200,258</u>	<u>37,548,143</u>	<u>38,594,303</u>
Total Revenue:	<u>\$62,739,965</u>	<u>\$61,576,893</u>	<u>\$64,218,455</u>	<u>\$64,567,193</u>	<u>\$65,798,348</u>
 <u>Appropriations</u>					
General Appropriations	\$46,090,088	\$47,543,024	\$47,876,862	\$49,695,239	\$50,231,292
Operations (Excluded from CAPS)	5,993,705	5,925,249	8,251,655	6,160,980	5,824,754
Deferred Charges and Statutory Expenditures	300,000	62,596	27,325	0	0
Capital Improvement Fund	2,690,971	250,000	500,000	500,000	885,000
Municipal Debt Service	4,805,913	4,823,813	4,476,303	4,997,978	5,582,923
Reserve for Uncollected Taxes	<u>2,859,288</u>	<u>2,972,211</u>	<u>3,086,309</u>	<u>3,212,995</u>	<u>3,274,380</u>
Total Appropriations:	<u>\$62,739,965</u>	<u>\$61,576,893</u>	<u>\$64,218,455</u>	<u>\$64,567,193</u>	<u>\$65,798,348</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.

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance</u> <u>12/31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2018	\$4,802,011	\$3,100,000
2017	4,701,771	3,100,000
2016	1,976,256	1,000,000
2015	4,308,499	2,915,300
2014	4,989,487	1,658,000

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.

<u>Year</u>	<u>Water &amp; Sewer Utility Operating Fund</u>	
	<u>Balance</u> <u>12/31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2018	\$2,084,501	\$0
2017	1,732,477	0
2016	2,539,635	586,993
2015	2,221,614	307,361
2014	2,217,610	382,556

Source: Annual Audit Reports of the City

Electric Utility Operating Fund

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

<u>Electric Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$9,230,824	\$0
2017	5,615,631	0
2016	8,063,457	0
2015	10,794,141	0
2014	12,387,385	2,553,250

Source: Annual Audit Reports of the City

Solid Waste Utility Operating Fund

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

<u>Solid Waste Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$882,640	\$257,124
2017	566,240	0
2016	843,659	0
2015	794,172	0
2014	716,414	0

Source: Annual Audit Reports of the City

## City Indebtedness as of December 31, 2018

### General Purpose Debt

Serial Bonds	\$16,785,000
Bond Anticipation Notes	12,900,000
Bonds and Notes Authorized but Not Issued	9,851,875
Other Bonds, Notes and Loans	<u>4,116,260</u>
Total:	\$43,653,135

### Local School District Debt

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

### Regional School District Debt

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

### Self-Liquidating Debt

Serial Bonds	\$163,559,649
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	229,994
Other Bonds, Notes and Loans	<u>2,201,316</u>
Total:	\$165,990,959

### TOTAL GROSS DEBT

**\$209,644,093**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	0
Regional School District Debt	0
Self-Liquidating Debt	<u>165,990,959</u>
Total:	\$165,990,959

### TOTAL NET DEBT

**\$43,653,135**

Source: Annual Debt Statement of the City

**Overlapping Debt (as of December 31, 2018)<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	\$0	100.00%	\$0
County	265,996,778	46.75%	<u>124,350,293</u>
Net Indirect Debt			\$124,350,293
Net Direct Debt			<u>43,653,135</u>
Total Net Direct and Indirect Debt			<b><u>\$168,003,428</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2016, 2017, 2018)	\$4,096,851,345
Permitted Debt Limitation (3 1/2%)	143,389,797
Less: Net Debt	<u>43,653,135</u>
Remaining Borrowing Power	<u>\$99,736,663</u>
Percentage of Net Debt to Average Equalized Valuation	1.066%
Gross Debt Per Capita based on 2010 population of 60,724	\$3,452
Net Debt Per Capita based on 2010 population of 60,724	\$719

Source: Annual Debt Statement of the City

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



## EDUCATION

### Primary and Secondary Education

The City's Public School System ("Vineland Public Schools") has a total of 16 operating schools; one (1) high school comprised of a north campus and south campus, four (4) middle schools, eight (8) elementary schools, one (1) alternative school and one (1) preschool center. In addition, the Vineland Board of Education and administrative offices are located at the former Landis Middle School, which is a historic and notable building on Landis Avenue.

### Vineland Public Schools Facilities

<u>Facilities</u>	<u>Date Constructed</u>	<u>Additions</u>	<u>Functional Grades</u>
Vineland High South	1964	1970	9-12
Vineland High North	1976		9-12
Rossi	1971	1980	6-8
Sgt. Dominick Pilla	2019		6-8
Veterans Memorial	1954	1998, 2007	6-8
Wallace	2006		6-8
Barse	1951	1962, 1966, 1998	K-5
D'Ippolito	1968	1980	K-5
Durand	1973		K-5
Johnstone	1957	1999, 2003	K-5
Mennies	1979	2000	K-5
Petway	2006		K-5
Sabater	2008		K-5
Winslow	1966	2000	K-5
Cunningham	1918	1962	Alternative
Dallago	2008		Preschool

Source: Vineland Public Schools

## Vineland Public Schools Enrollment

Data is taken from October 15th of each year.

<b><u>Grade</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Pre-School, Pre-K	1,183	1,153	1,203	1,474	1,362
Kindergarten	643	653	774	841	849
1st Grade	664	694	803	812	809
2nd Grade	642	707	745	793	780
3rd Grade	667	644	751	758	731
4th Grade	632	666	728	680	699
5th Grade	666	627	650	685	609
6th Grade	651	610	682	597	611
7th Grade	642	620	619	595	575
8th Grade	607	556	579	568	554
9th Grade	507	487	518	562	599
10th Grade	454	478	538	548	508
11th Grade	473	526	509	479	457
12th Grade	508	487	461	451	436
Special Education	1,625	1,571	1,665	1,621	1,583
County Vocational	0*	38	46	48	48
Juvenile Detention	3	2	11	8	5
Resident Students	10,567	10,519	11,282	11,520	11,215

Source: Vineland Public Schools and NJ Department of Education/Office of Finance - ASSA (Resident Students Column)

\* Effective 2018, Vineland Public Schools discontinued sending “shared” timed students to Cumberland County Vocational.

## **HIGHER EDUCATION FACILITIES**

### **Cumberland County College**

Cumberland County College (the “County College”) is committed to student success and to serving a diverse community of learners and businesses by providing quality, innovative programs as an accessible, affordable, learning-centered community college. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is sponsored by the people of the County through their Board of Chosen Freeholders who, in turn, appoint eight (8) of the 11-member Board of Trustees. Two (2) members are appointed by the state, and the Superintendent of Schools is a member by statute.

The County College was founded in November 1963. The nearly 90-acre campus is located on College Drive in the City. Classes were held for the first time in the autumn of 1966 - making the County College the State’s first two-year college to open on its own campus. Since then the County College has gone on to offer a quality education at a reasonable cost. The County College offers 90 career and transfer programs of study. There are 12 buildings on campus. The Shirlee and Bernard Brown University Center hosts four (4) universities which deliver programs leading to Baccalaureate and Master’s degrees. The Frank Guaracini Jr. Fine and Performing Arts Center, dedicated in January 1995, features a 500-seat, fly-equipped theater. The County College operates the new 21,000 sq. ft. Arts and Innovation Center on High Street in Millville offering a variety of artistic and innovative programs including that of the Clay College. Nearby on Millville’s Buck Street, the Paula J. Ring Education Center is a 7,200 sq. ft. facility in which a variety of health care and workforce programs are delivered. As of Fall 2018, 1,431 full-time students and 1,269 part-time students were enrolled, for a total enrollment of 2,700.

### **Cumberland County Technical Education Center**

The Cumberland County Board of Vocational Education was created by the Cumberland County Board of Chosen Freeholders in 1969. Land was purchased at a location centrally located for busing of the four (4) County public high schools and one (1) parochial high school. An attractive functional building was constructed and, in September 1972, classes were opened at the Cumberland County Technical Educational Center located in Bridgeton.

In May of 2014, the Cumberland County Board of Chosen Freeholders expanded upon their initial vocational school offerings and approved a \$70 million bond ordinance with the State of NJ shouldering 69% of the cost to construct a 204,000 sq. ft. full-time Technical Education Center. The facility opened in 2016 adjacent to the campus of the County College. The location enables the County College, Technical Education Center, and Center for Workforce and Economic Development to all be housed on one campus to work together to create a well-trained workforce. The Cumberland County Technical Education Center (“TEC”) is in its fourth year of enrolling full-time students. The interest in attending the new school has exceeded the expectations of those involved in its creation. Each year over 1,000 students apply for 240

available seats. When fully enrolled, the new school will hold over 1,100 students in grade 9-12. In October 2018, the Cumberland County Board of Chosen Freeholders approved a \$23 million bond ordinance with the State of New Jersey incurring 72.1% of the cost of to construct a 55,000 sq. ft. expansion of the current facility that will be home to our Health Science and Medicine Program. Historically, Health Science and Medicine has been the most enrolled program. Currently there are four (4) applicants for every one (1) seat. This consistent enrollment, coupled with a health system that serves as the County's top employer, provides the rationale for the expansion that will serve as an anchor for quality medical training for a variety of populations. Additionally, Adult Education classes are held on the entire campus, with TEC as the lead on evening courses. As of December 2018, there are approximately 678 full time students (grades 9-11), 28 STRIVE students, and 30 adult students for a total of 736 students.

**APPENDIX B**  
**FINANCIAL STATEMENTS OF THE CITY OF VINELAND**

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## Independent Auditor's Report

The Honorable Mayor and  
Members of City Council  
City of Vineland  
County of Cumberland, 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 Vineland, as of December 31, 2018 and 2017, 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, 2018, 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 Vineland 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 Vineland as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 19 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$2,928,173.36 and \$3,092,932.39 for 2018 and 2017 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

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

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2018 and 2017, 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, 2018 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 Vineland’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Uniform Guidance and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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 August 9, 2019 on our consideration of the City of Vineland'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 Vineland'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**

**August 9, 2019**

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

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 15,162,468.61	15,318,759.81
Change	575.00	675.00
Total Cash	<u>15,163,043.61</u>	<u>15,319,434.81</u>
Other Receivables:		
Due from State:		
Ch. 73, P.L. 1976	30,869.80	22,677.91
Total Other Receivables	<u>30,869.80</u>	<u>22,677.91</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	2,797,631.75	2,229,815.83
Tax Title and Other Liens	2,027,308.40	1,718,342.94
Prior Year Disallowed from State Audit	500.00	-
Property Acquired for Taxes -		
at Assessed Valuation	1,342,880.00	1,342,880.00
Revenue Accounts Receivable	4,334,614.61	4,593,172.27
Interfund Receivable:		
Trust Other Fund	5.72	350.18
Grant Fund	29,888.17	-
Other Receivables:		
Due from City of Vineland Public Library	178.87	-
Protested Checks	1,801.16	3,770.06
Total Receivables and Other Assets	<u>10,534,808.68</u>	<u>9,888,331.28</u>
Total Regular Fund	<u>25,728,722.09</u>	<u>25,230,444.00</u>
Federal and State Grant Fund:		
Cash	-	1,409,987.65
Due from VDID	-	12,925.00
Federal and State Grants Receivable	10,034,948.81	9,454,935.22
Total Federal and State Grant Fund	<u>10,034,948.81</u>	<u>10,877,847.87</u>
Total Current Fund	<u>\$ 35,763,670.90</u>	<u>36,108,291.87</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 3,090,047.08	2,199,069.73
Reserve for Encumbrances	1,852,928.57	1,704,140.54
Accounts Payable	171,152.88	126,010.00
Prepaid Taxes	1,112,564.01	2,372,152.97
Reserve for Overpaid Taxes	421,822.58	767,218.26
Local School Tax Payable	3,502,361.53	3,170,274.49
Due to County - Added & Omitted Taxes	133,740.88	242,661.05
Due to State:		
Marriage License Fees	2,425.00	1,900.00
Uniform Construction Code State Training Fees	39,959.00	8,991.00
Burial Permit Fees	35.00	45.00
Other		
Reserve for Political Signs	1,500.00	900.00
Reserve for Purchase of Land	33,371.81	33,371.81
Reserve for Donations	697.61	697.61
Reserve for Overpayments - Other City Dept	3,750.00	1,862.50
Reserve for Tax Appeals	10,686.68	8,186.68
Reserve for Liquidation of TTL & FP	7,000.00	-
Reserve for Cumberland County Code Blue	5,000.00	-
Deposits on Sale of City Property	1,600.00	1,600.00
Deposits on Sale of Foreclosed Property	1,260.00	1,260.00
	<u>10,391,902.63</u>	<u>10,640,341.64</u>
Reserve for Receivables and Other Assets	10,534,808.68	9,888,331.28
Fund Balance	<u>4,802,010.78</u>	<u>4,701,771.08</u>
Total Regular Fund	<u>25,728,722.09</u>	<u>25,230,444.00</u>
Federal and State Grant Fund:		
Due to Current Fund	29,888.17	-
Unappropriated Reserves	573,716.48	1,116,269.68
Appropriated Reserves	7,019,878.14	5,516,433.48
Reserve for Encumbrances	<u>2,411,466.02</u>	<u>4,245,144.71</u>
Total Federal and State Grant Fund	<u>10,034,948.81</u>	<u>10,877,847.87</u>
Total Current Fund	<u>\$ 35,763,670.90</u>	<u>36,108,291.87</u>

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

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized		
Fund Balance	\$ 3,100,000.00	1,000,000.00
Miscellaneous Revenue Anticipated	27,723,547.63	31,204,990.78
Receipts from Delinquent Taxes	1,948,233.98	2,194,482.87
Receipts from Current Taxes	104,411,235.19	100,729,720.01
Non Budget Revenue	1,399,538.52	275,210.47
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,103,668.60	961,905.07
Accounts Payable Canceled	1,828.50	145,290.18
Interfund Returned	350.18	82.97
Other	250.00	6,547.00
Total Income	<u>139,688,652.60</u>	<u>136,518,229.35</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	26,582,035.39	25,437,784.00
Other Expenses	16,766,534.88	16,155,569.00
Deferred Charges & Statutory Expenditures	6,229,668.73	6,033,509.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	2,566,117.00	2,493,161.00
Other Expenses	8,886,225.65	8,754,943.51
Capital Improvements	250,000.00	500,000.00
Debt Service	4,952,978.36	4,476,303.14
Deferred Charges	-	27,325.00
Local District School Tax	23,753,425.00	23,061,577.00
County Tax	46,055,256.48	44,579,272.81
County Share of Added Tax	133,740.88	242,661.05
Interfund Created	29,893.89	350.18
Refund of Prior Year's Revenue - Other	202,546.33	27,637.72
Refund of Prior Year's Revenue - Prior Senior Citizens Deduction	26,310.28	28,753.42
Refund of Prior Year's Tax Appeals	-	921,118.26
Reserve for Protested Check	1,801.16	1,048.80
Other:		
Special District Taxes - Downtown Improvement District	51,700.00	51,700.00
Library	178.87	-
Total Expenditures	<u>136,488,412.90</u>	<u>132,792,713.89</u>
Excess in Revenue	<u>3,200,239.70</u>	<u>3,725,515.46</u>

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

	<u>2018</u>	<u>2017</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>3,200,239.70</u>	<u>3,725,515.46</u>
Fund Balance January 1	<u>4,701,771.08</u>	<u>1,976,255.62</u>
	7,902,010.78	5,701,771.08
Decreased by:		
Utilization as Anticipated Revenue	<u>3,100,000.00</u>	<u>1,000,000.00</u>
Fund Balance December 31	<u>\$ 4,802,010.78</u>	<u>4,701,771.08</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
			Realized
Fund Balance Anticipated	\$ 3,100,000.00		3,100,000.00
Total Fund Balance Anticipated	3,100,000.00	-	3,100,000.00
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	40,500.00		46,755.10
Other	183,000.00		207,141.00
Fees and Permits	1,000,000.00		1,249,262.26
Fines and Costs:			
Municipal Court	600,000.00		519,251.96
Interest and Costs on Taxes	446,000.00		448,406.88
Interest Earned on Investments	91,000.00		287,362.93
Cable T.V. Franchise Fee	298,000.00		299,389.31
Community Nursing Services			1,689.00
Fees and Permits - Public Defender Fees	20,000.00		9,918.89
Tower Rental	189,000.00		230,086.53
Rent - Economic Development	36,000.00		36,000.00
Payment in Lieu of Taxes - Redeemer Lutheran Housing Inc.	22,500.00		20,550.98
Payment in Lieu of Taxes - Vineland Housing Authority	140,800.00		133,145.29
Payment in Lieu of Taxes - Commercial & Industrial (40A:2-1, et seq)	618,873.00		814,736.76
Hotel/Motel Tax	300,000.00		377,624.21
Payment in Lieu of Taxes - Vld Training	57,500.00		57,698.32
Payment in Lieu of Taxes - E Almond Estates	17,000.00		17,155.03
Payment in Lieu of Taxes - Spring Gardens Sr Housing	56,000.00		55,462.35
Payment in Lieu of Taxes - PAFA	18,000.00		18,000.00
Payment in Lieu of Taxes - Vineland Housing Dev Melrose	2,500.00		7,155.00
Payment in Lieu of Taxes - Landis Sewage Authority	50,000.00		50,000.00
Landis Marketplace Project - Annual Service Charge	30,000.00		31,000.00
Total Section A: Local Revenues	4,216,673.00	-	4,917,791.80
			701,118.80

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	612,445.00		-
Energy Receipts Tax	5,567,474.00		-
Supplemental Energy Receipts Tax Spring Allocation	10,869.00		-
Total Section B: State Aid Without Offsetting Appropriations	6,190,788.00	-	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	660,000.00		173,624.60
Total Section C: Uniform Construction Code Fees	660,000.00	-	173,624.60
Section D: Shared Municipal Service Agreements			
Off-set with Appropriations			
Vineland Board of Education Vaccines	7,300.00		19.06
Vineland Board of Education-Radio Trunk System	21,266.00		-
LSA - Radio Trunk System	48.00		-
Total Section D: Shared Municipal Service Agreements	28,614.00	-	19.06
Section E: Additional Revenue Offset with Appropriations			
Invalid Coach and Ambulance Revenue	2,695,000.00		43,811.42
Total Section E: Additional Revenue	2,695,000.00	-	43,811.42

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Donations - School Counts	4,185.23		4,185.23	-
Vineland Development Corp (VDC) - Stipends	16,500.00		16,500.00	-
Vineland Downtown Improvement District (VDID)	115,000.00		115,000.00	-
EZDC-Economic Development Division	757,598.00		757,598.00	-
EZDC-Corporation Employee	66,864.00		66,864.00	-
Vineland Marketing Project	150,000.00		150,000.00	-
NJDOT Federal Projects	150,460.00	2,045,774.63	2,196,234.63	-
Cumberland County Dept of Health	209,269.00	143,980.00	353,249.00	-
Edward Byrne JAG		166,671.00	166,671.00	-
Safe & Secure Grant	90,000.00		90,000.00	-
Cumberland Cape Atlantic YMCA	48,995.00	6,000.00	54,995.00	-
Click It or Ticket It		5,500.00	5,500.00	-
Pedestrian Safety Grant		15,015.00	15,015.00	-
UEZ 2nd Generation		1,675,000.00	1,675,000.00	-
USDOJ - Bullet Proof Vest Partnership	22,670.55	16,698.00	39,368.55	-
Municipal Court Alcohol & Education Rehab		8,641.43	8,641.43	-
Administrative Operating Budget		145,392.00	145,392.00	-
Health & Senior Services		17,759.00	17,759.00	-
Southern NJ Perinatal Cooperative		38,000.00	38,000.00	-
Municipal Alliance on Alcoholism and Drug Abuse		52,358.00	52,358.00	-
FDA Grants	3,000.00	48,638.00	51,638.00	-
Clean Communities Program Grant		123,965.29	123,965.29	-
Cultural & Heritage	1,500.00		1,500.00	-
Recycling Tonnage Grant	306,681.52		306,681.52	-
EMPG EMA Allocation Grant		19,400.00	19,400.00	-
Redevelopment Acquisition of Property	200,000.00		200,000.00	-
NJDOT Municipal Aid Programs		395,570.00	395,570.00	-
UEZ 1st Generation Projects		250,000.00	250,000.00	-
Total Section F: Special Items - Public and Private Programs	2,142,723.30	5,174,362.35	7,317,085.65	-
Off-Set with Appropriations				



**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Utility Operating Surplus of Prior Year - Electric	3,400,000.00		3,400,000.00	-
Utility Operating Surplus of Prior Year - Water	450,000.00		450,000.00	-
Uniform Fire Safety Act	246,000.00		326,416.09	80,416.09
Uniform Fire Safety Act-Non-Life Hazard Use Registration Fees	89,000.00		82,320.00	(6,680.00)
FEMA Reimbursement			0.01	0.01
Assessment Trust Surplus	60,000.00		60,000.00	-
Reserve to pay Bonds and Notes	143,252.00		143,252.00	-
General Capital Fund Surplus	40,000.00		40,000.00	-
Surplus Solid Waste Utility Fund	250,000.00		250,000.00	-
Vacant Property Registration Fee	1,000,000.00		944,825.00	(55,175.00)
Total Section G: Other Special Items	5,678,252.00	-	5,696,813.10	18,561.10
Total Miscellaneous Revenues:	21,612,050.30	5,174,362.35	27,723,547.63	937,134.98
Receipts from Delinquent Taxes	2,307,000.00		1,948,233.98	(358,766.02)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	36,172,793.67		36,254,759.11	81,965.44
Library Tax	1,375,349.00		1,375,349.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	37,548,142.67	-	37,630,108.11	81,965.44
Budget Totals	64,567,192.97	5,174,362.35	70,401,889.72	660,334.40
Non- Budget Revenues:				
Other Non- Budget Revenues:			1,399,538.52	1,399,538.52
	\$ 64,567,192.97	5,174,362.35	71,801,428.24	2,059,872.92

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 104,411,235.19
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Less: Reserve for Tax Appeals Pending	<u>-</u>
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Net Revenue from Collections	104,411,235.19
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Allocated to:

School, County and Other Taxes	<u>69,994,122.36</u>
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Balance for Support of Municipal Budget Appropriations	34,417,112.83
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	<u>3,212,995.28</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>37,630,108.11</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	1,900,961.61
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Tax Title Lien Collections	<u>47,272.37</u>
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Total Receipts from Delinquent Taxes	<u><u>1,948,233.98</u></u>
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**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

UCC Penalties	350.00
Photo Copies	487.77
Discovery Fees	444.35
Child Support Wage Execution Fees	479.01
Second Hand Dealer License	10,500.00
Vineland Fire Department Rescue Billing	8,598.20
Police Department Extra Duty	27,101.13
City Auction	252,964.80
Senior Citizens & Veterans - Admin Fee	8,169.60
Sale of City Owned Property	758,525.86
Prior Year Ded Disallowed - State Audit	4,750.00
Miscellaneous	304,759.80
Tax Collector: Duplicate Bills	7,028.00
Tax Collector: Return Check Fees	850.00
Vineland Police Firearms Training Range Fee	14,530.00

Total Miscellaneous Revenue Not Anticipated:

1,399,538.52

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or	Encumbered	Reserved	
			Charged			
\$	196,703.00	197,753.00	197,742.41		10.59	-
	29,700.00	29,700.00	14,803.10	840.63	14,056.27	-
	110,056.00	110,056.00	110,000.38		55.62	-
	8,953.00	8,953.00	6,926.60	471.63	1,554.77	-
	85,287.00	82,787.00	81,004.05		1,782.95	-
	3,396.00	3,396.00	2,777.03	48.50	570.47	-
	84,570.00	84,570.00	84,054.01		515.99	-
	3,612.00	3,612.00	2,196.66	35.70	1,379.64	-
	231,689.00	221,689.00	217,593.51		4,095.49	-
	28,380.00	28,380.00	17,018.42	4,837.33	6,524.25	-
	46,000.00	46,000.00	41,557.32		4,442.68	-
	250.00	250.12	250.12		-	-
	408,882.00	408,882.00	401,921.96		6,960.04	-
	31,075.00	31,075.00	20,128.18	2,218.41	8,728.41	-
	40,148.00	40,148.00	40,147.80		0.20	-
	240,982.00	241,982.00	241,174.31		807.69	-
	490,570.00	490,570.00	295,723.05	180,236.71	14,610.24	-
	288,890.00	288,890.00	280,447.15		8,442.85	-
	59,775.00	59,775.00	51,358.18	911.01	7,505.81	-
	7,000.00	7,000.00	7,000.00		-	-
	255,153.00	255,153.00	255,093.50		59.50	-
	32,000.00	32,000.00	10,050.79	9,981.29	11,967.92	-
	53,580.00	55,580.00	53,839.37		1,740.63	-
	294,962.00	294,962.00	285,658.81	5,423.67	3,879.52	-
	775,912.00	776,412.00	772,982.14		3,429.86	-
	32,340.00	32,340.00	9,611.45	9,219.47	13,509.08	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	245,216.00	246,216.00	244,908.69		1,307.31	-
Other Expenses	32,575.00	32,575.00	6,568.27	3,900.47	22,106.26	-
Zoning Board of Adjustment						
Salaries and Wages	89,473.00	93,703.00	93,621.72		81.28	-
Other Expenses	7,050.00	7,050.00	3,092.22	445.13	3,512.65	-
Other Code Enforcement Functions (L&I)						
Salaries and Wages	311,047.00	296,047.00	284,949.14		11,097.86	-
Other Expenses	45,650.00	45,650.00	42,664.59	1,079.97	1,905.44	-
Department of License & Inspection - Director's Office						
Salaries and Wages	50,131.00	53,131.00	52,222.64		908.36	-
Other Expenses	6,000.00	6,000.00	5,998.64		1.36	-
INSURANCE						
Other Insurance (Self Insurance)	300,000.00	300,000.00	300,000.00		-	-
General Liability	571,299.00	516,299.00	513,614.24		2,684.76	-
Workers Compensation Insurance	670,000.00	670,000.00	670,000.00		-	-
Employee Group Health	8,159,879.00	7,768,898.56	6,663,941.16	469,707.54	635,249.86	-
Group Insurance Buy-out	120,000.00	120,000.00	115,140.86		4,859.14	-
PUBLIC SAFETY						
Police Department						
Salaries and Wages	15,303,049.00	14,791,185.27	13,810,321.91		980,863.36	-
Other Expenses	875,806.00	1,175,806.00	518,281.01	538,008.94	119,516.05	-
Police Department - Director						
Salaries and Wages (Including Director)	7,500.00	7,500.00	7,499.96		0.04	-
Office of Emergency Management						
Salaries and Wages	11,000.00	11,000.00	10,317.33		682.67	-
Other Expenses	7,000.00	7,000.00	2,025.72	4,971.18	3.10	-
Fire Department (Directors Office)						
Salaries and Wages	48,417.00	48,417.00	48,300.94		116.06	-
Other Expenses	100.00	100.00	64.00		36.00	-
Fire Department (Fire Suppression)						
Salaries and Wages	2,309,373.00	2,259,373.00	2,252,176.34		7,196.66	-
Other Expenses	314,925.00	364,925.00	174,313.25	176,918.62	13,693.13	-
Aid to Volunteer Fire Companies	102,500.00	102,500.00	101,530.00		970.00	-
Fire Department (Fire Hydrant Service)						
Other Expenses	53,515.00	53,515.00	49,028.65		4,486.35	-
Fire Department (Uniform Fire Code Enforcement)						
Salaries and Wages	208,147.00	208,147.00	195,136.00		13,011.00	-
Other Expenses	28,950.00	28,950.00	19,484.83	9,169.66	295.51	-
Municipal Prosecutor's Office						
Salaries and Wages	128,858.00	128,858.00	120,953.75		7,904.25	-
Other Expenses	6,250.00	6,250.00	3,679.48	288.41	2,282.11	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public Defender (P.L. 1997, c.256)						
Salaries and Wages	49,304.00	49,304.00	49,297.32		6.68	-
Other Expenses	5,000.00	5,000.00	82.29	72.09	4,845.62	-
Municipal Court						
Salaries and Wages	525,818.00	480,818.00	475,543.73		5,274.27	-
Other Expenses	98,045.00	98,045.00	67,213.54	29,954.74	876.72	-
<b>PUBLIC WORKS</b>						
Streets and Roads Maintenance						
Salaries and Wages	1,795,069.00	1,695,069.00	1,574,713.78		120,355.22	-
Other Expenses	161,970.00	161,970.00	123,355.28	27,460.25	11,154.47	-
Other Public Works Functions - Directors Office						
Salaries and Wages	4,750.00	4,751.00	4,750.00		1.00	-
Other Expenses	44,485.00	44,485.00	34,217.33	3,781.78	6,485.89	-
Solid Waste Collection						
Other Expenses	300,000.00	630,748.32	223,491.55	11,853.99	395,402.78	-
Community Service Act (Condo Community Costs)						
Other Expenses	5,000.00	5,000.00			5,000.00	-
Buildings and Grounds						
Salaries and Wages	383,643.00	393,643.00	390,704.71		2,938.29	-
Other Expenses	233,430.00	233,430.00	198,532.35	32,131.33	2,766.32	-
Vehicle Maintenance (Including Police Vehicles)						
Salaries and Wages	404,571.00	404,571.00	399,563.04		5,007.96	-
Other Expenses	541,941.00	571,941.00	502,575.52	63,584.00	5,781.48	-
<b>HEALTH AND HUMAN SERVICES</b>						
Public Health Services (Director's Office/Registrar)						
Salaries and Wages	85,258.00	85,258.00	80,248.76		5,009.24	-
Other Expenses	8,900.00	8,900.00	5,173.91	3,389.00	337.09	-
Public Health Services (Health Department Office)						
Salaries and Wages	1,203,374.00	1,103,374.00	1,084,420.03		18,953.97	-
Other Expenses	82,010.00	77,010.00	62,551.79	9,629.36	4,828.85	-
Nursing						
Salaries and Wages	10,158.00	10,158.00	9,008.61		1,149.39	-
Other Expenses	940.00	940.00	91.17		848.83	-
State of NJ - Public Employees Occ. Safety & Health						
Salaries and Wages	89,268.00	89,568.00	89,218.25		349.75	-
Other Expenses	4,833.00	4,833.00	2,824.93	84.03	1,924.04	-
Animal Control Service						
Salaries and Wages	63,904.00	67,404.00	66,564.27		839.73	-
Other Expenses	231,700.00	231,700.00	226,649.87	150.06	4,900.07	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PARK AND RECREATION</b>						
Recreation Services and Programs						
Salaries and Wages	382,540.00	382,490.00	354,996.57		27,493.43	-
Other Expenses	88,226.00	88,226.00	68,625.34	19,109.07	491.59	-
Maintenance of Parks						
Salaries and Wages	262,244.00	262,244.00	247,522.20		14,721.80	-
Other Expenses	23,935.00	23,935.00	21,661.92	1,403.75	869.33	-
<b>OTHER MISCELLANEOUS FUNCTIONS</b>						
Environmental Health Services						
Salaries and Wages	6,000.00	6,001.00	5,999.96		1.04	-
Other Expenses	6,230.00	6,230.00	2,682.82	2,888.20	658.98	-
Accumulated Leave Compensation						
Salaries and Wages	100,000.00	100,000.00	100,000.00		-	-
Salary & Wage Adjustment						
Salaries and Wages	100,000.00	100,000.00			100,000.00	-
General Admin. (Publicity & Public Information)						
Other Expenses	67,000.00	67,000.00	54,507.56	11,492.44	1,000.00	-
Storm Recover Reserve	90,000.00	90,000.00	41,067.13	26,695.00	22,237.87	-
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	466,801.00	479,801.00	476,756.85		3,044.15	-
Other Expenses	32,810.00	32,810.00	25,762.88	1,712.62	5,334.50	-
<b>UNCLASSIFIED</b>						
Celebration of Public Events, Anniversary or Holiday	12,200.00	12,200.00	5,819.00	4,700.00	1,681.00	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity						
Street Lighting	770,000.00	920,000.00	754,526.17	725.00	164,748.83	-
Telephone (excluding equipment acquisitions)	235,200.00	235,200.00	214,553.89		20,646.11	-
Water	170,000.00	182,000.00	176,177.93	794.64	5,027.43	-
Gas (Natural or Propane)	62,500.00	62,500.00	42,540.81	10.00	19,949.19	-
Fuel Oil	100,000.00	130,000.00	100,410.64	900.00	28,689.36	-
Telecommunications Costs	3,500.00	3,500.00	1,503.56	1,064.94	931.50	-
Sewerage Processing and Disposal	5,000.00	5,000.00	1,498.97	2,046.30	1,454.73	-
Gasoline	26,000.00	26,000.00	26,078.80		121.20	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<u>43,657,132.00</u>	<u>43,328,268.27</u>	<u>38,633,902.52</u>	<u>1,675,886.86</u>	<u>3,018,478.89</u>	<u>-</u>
Contingent	20,302.00	20,302.00	5,583.58	8,588.43	6,129.99	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>43,677,434.00</u>	<u>43,348,570.27</u>	<u>38,639,486.10</u>	<u>1,684,475.29</u>	<u>3,024,608.88</u>	<u>-</u>

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Detail:						
Salaries and Wages	27,376,867.00	26,582,035.39	25,225,819.41	-	1,356,215.98	-
Other Expenses	16,300,567.00	16,766,534.88	13,413,666.69	1,684,475.29	1,668,392.90	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None	-	-	-	-	-	-
<b>Statutory Expenditures:</b>						
Contributions to:						
Public Employees' Retirement System	1,089,246.00	1,089,246.00	1,089,245.52		0.48	-
Social Security System (O.A.S.I.)	1,225,261.00	1,225,261.00	1,190,445.26		34,815.74	-
Police and Firemen's Retirement System	3,658,298.00	3,870,161.73	3,870,161.73		-	-
Unemployment Compensation Insurance	20,000.00	20,000.00	20,000.00		-	-
Defined Contribution Retirement Program	25,000.00	25,000.00	19,515.84		5,484.16	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>6,017,805.00</b>	<b>6,229,688.73</b>	<b>6,189,368.35</b>	<b>-</b>	<b>40,300.38</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>49,695,239.00</b>	<b>49,578,239.00</b>	<b>44,828,854.45</b>	<b>1,684,475.29</b>	<b>3,064,909.26</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Statutory Expenditures						
Length of Service Award Program - Fire	147,777.00	147,777.00	146,188.00		1,589.00	-
Municipal Library						
Other Expenses	1,375,349.00	1,375,349.00	1,350,194.65	25,154.35	0.00	-
Reserve for Tax Appeals	2,500.00	2,500.00	2,500.00		-	-
Interlocal Municipal Service Agreements						
Vineland Board of Education						
Radio Trunk System	21,266.00	21,266.00	20,675.50		590.50	-
Vaccines	7,300.00	7,300.00	7,300.00		-	-
LSA - Radios	48.00	48.00	46.72		1.28	-
Cumberland County - Meals on Wheels	8,400.00	8,400.00	8,400.00		-	-
Cumberland County - Code Blue	5,000.00	5,000.00			5,000.00	-
Public Health Services						
Invalid Coach and Ambulance Service						
Salaries and Wages	2,449,117.00	2,566,117.00	2,404,861.03	143,298.93	17,957.04	-
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>4,016,757.00</b>	<b>4,133,757.00</b>	<b>3,940,165.90</b>	<b>168,453.28</b>	<b>25,137.82</b>	<b>-</b>



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues							
Donations - School Counts	4,185.23	4,185.23	4,185.23			-	-
Municipal Alliance on Alcoholism and Drug Abuse		52,358.00	52,358.00			-	-
Southern NJ Perinatal Cooperative		38,000.00	38,000.00			-	-
Health Initiatives		17,759.00	17,759.00			-	-
Click It or Ticket		5,500.00	5,500.00			-	-
USDJ - Bullet Proof Vest Partnership	22,670.55	39,368.55	39,368.55			-	-
Cumberland County Dept of Health	209,269.00	353,249.00	353,249.00			-	-
Edward Byrne JAG		166,671.00	166,671.00			-	-
Recycling Tonnage Grant	306,681.52	306,681.52	306,681.52			-	-
EMPG EMA Allocation Grant		19,400.00	19,400.00			-	-
Safe & Secure Grant	90,000.00	90,000.00	90,000.00			-	-
Cumberland Cape Atlantic YMCA	48,995.00	54,995.00	54,995.00			-	-
NJDOT Federal Projects	150,460.00	2,196,234.63	2,196,234.63			-	-
NJDOT Municipal Aid Programs		395,570.00	395,570.00			-	-
UEZ 1st Generation Vineland Development		250,000.00	250,000.00			-	-
UEZ 2nd Generation Projects		1,675,000.00	1,675,000.00			-	-
Vineland Downtown Improvement District (VDID)	115,000.00	115,000.00	115,000.00			-	-
Vineland Marketing Project	150,000.00	150,000.00	150,000.00			-	-
EZDC-Corporation Employee	66,864.00	66,864.00	66,864.00			-	-
EZDC-Economic Development Division	757,598.00	757,598.00	757,598.00			-	-
Redevelopment/Acquisition of Property	200,000.00	200,000.00	200,000.00			-	-
Municipal Court Alcohol & Education Rehab		8,641.43	8,641.43			-	-
Clean Communities Program Grant		123,965.29	123,965.29			-	-
FDA Grants	3,000.00	51,638.00	51,638.00			-	-
Cultural & Heritage	1,500.00	1,500.00	1,500.00			-	-
Vineland Development Corp (VDC) - Stipends	16,500.00	16,500.00	16,500.00			-	-
Recycling Public Works		136,392.00	136,392.00			-	-
Pedestrian Safet Grant		15,015.00	15,015.00			-	-
Admin Operations Budget		9,000.00	9,000.00			-	-
Matching Funds for Grants - Other Expenses	1,500.00	1,500.00	1,500.00			-	-
Revenues	2,144,223.30	7,318,585.65	7,318,585.65		-	-	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS"	6,160,980.30	11,452,342.65	11,258,751.55	168,453.28	25,137.82	(0.00)
Detail:						
Salaries and Wages	2,449,117.00	2,566,117.00	2,404,861.03	143,298.93	17,957.04	-
Other Expenses	3,711,863.30	8,886,225.65	8,853,890.52	25,154.35	7,180.78	-
(C) Capital Improvements						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00	-	-	-
Road Improvements	250,000.00	250,000.00	-	-	-	250,000.00
Total Capital Improvements	500,000.00	500,000.00	250,000.00	-	-	250,000.00
(D) Debt Service						
Payment of Bond Principal	3,400,000.00	3,400,000.00	3,400,000.00	-	-	-
Interest on Bonds	595,925.00	595,925.00	595,925.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	500,000.00	500,000.00	500,000.00	-	-	-
Interest on Notes	312,500.00	312,500.00	312,499.98	-	-	0.02
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	154,553.39	154,553.39	144,553.38	-	-	10,000.01
Demolition Loan Principal	35,000.00	35,000.00	-	-	-	35,000.00
Total Debt Service	4,997,978.39	4,997,978.39	4,952,978.36	-	-	45,000.03
(E) Deferred Charges						
None	-	-	-	-	-	-
Total Deferred Charges	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	11,658,958.69	16,950,321.04	16,461,729.91	168,453.28	25,137.82	295,000.03
SUBTOTAL GENERAL APPROPRIATIONS	61,354,197.69	66,528,560.04	61,290,584.36	1,852,928.57	3,090,047.08	295,000.03
(M) Reserve for Uncollected Taxes and tax appeals	3,212,995.28	3,212,995.28	3,212,995.28	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 64,567,192.97	69,741,555.32	64,503,579.64	1,852,928.57	3,090,047.08	295,000.03
Budget		64,567,192.97			Cancelled	295,000.03
Appropriations by 40A:4-87		5,174,362.35			Overexpended	(0.00)
		69,741,555.32				295,000.03
Reserve for Uncollected Taxes		3,212,995.28				
Federal and State Grants		7,314,400.42				
Disbursements		53,976,183.94				
		64,503,579.64				

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

	2018	2017
<u>Assets</u>		
Assessment Fund:		
Cash	\$ 164,750.28	134,547.83
Assessments Receivable	102,436.15	94,871.08
Assessment Liens	133,109.43	44,702.71
Total Assessment Fund	400,295.86	274,121.62
Animal Control Fund:		
Cash	120,438.41	120,194.11
Protested Checks Rec.	126.00	-
Total Animal Control Fund	120,564.41	120,194.11
Community Development Block Grant Fund:		
Cash	552,010.49	445,618.78
Community Development Grants Receivable	554,907.25	497,479.37
U.S. Department of Housing and Urban Development- Home Investment Partnership Program Receivable	1,389,465.15	1,142,583.10
Mortgages Receivable	6,126,390.23	6,058,046.67
Total Community Development Block Grant Fund	8,622,773.12	8,143,727.92
Length of Service Award Programs (LOSAP) (unaudited):		
Investments	2,783,574.36	2,945,155.39
Employer Contribution Receivable	144,599.00	147,777.00
Total Length of Service Award Programs (LOSAP) (unaudited):	2,928,173.36	3,092,932.39
Other Funds:		
Cash	12,742,906.98	13,104,268.97
Investment in U.S. Government Securities	1,013,550.33	1,038,824.78
Protested Checks Receivable	60.00	215.00
Due From Employee	6,145.56	-
Total Other Funds	13,762,662.87	14,143,308.75
	\$ 25,834,469.62	25,774,284.79

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

	2018	2017
<u>Liabilities, Reserves, and Fund Balance</u>		
Assessment Fund:		
Reserve for Assessments and Liens	\$ 235,545.58	139,573.79
Fund Balance	164,750.28	134,547.83
Total Assessment Fund	400,295.86	274,121.62
Animal Control Fund:		
Reserve for Animal Control Fund Expenditures	120,564.41	120,194.11
Due to State Department of Health	-	-
Total Animal Control Fund	120,564.41	120,194.11
Community Development Block Grant Fund:		
Reserve for:		
Community Development Block Grant	610,799.27	554,845.23
Economic Development Loan Program Revolving Fund	350,761.88	313,839.25
Rehabilitation Escrow Deposits	40.68	40.31
Rehabilitation Revolving Fund	85,097.56	62,366.11
Revolving Fund for Home Investment Trust Fund	112,573.25	64,276.86
Mortgages Receivable	6,126,390.23	6,058,046.67
U.S. Housing and Urban Development		
Home Investment Partnership Program	1,337,110.25	1,090,313.49
Total Community Development Block Fund Grant	8,622,773.12	8,143,727.92
Length of Service Award Programs (LOSAP) (unaudited):		
Net Assets Available for Benefits	2,928,173.36	3,092,932.39
Other Funds:		
Due to Current Fund	5.72	350.18
Due to Electric Operating	-	2,100,000.00
Miscellaneous Trust Reserves	10,785,477.18	7,929,928.79
Miscellaneous Trust Escrows	1,477,453.83	2,614,840.38
Payroll Deductions Payable	486,175.81	459,364.62
Reserve for Landfill Closure	1,013,550.33	1,038,824.78
Total Other Funds:	13,762,662.87	14,143,308.75
	\$ 25,834,469.62	25,774,284.79

**TRUST FUND  
STATEMENT OF FUND BALANCE TRUST ASSESSMENT FUND  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1,	\$ 134,547.83	83,051.07
Increased by:		
Collection of Unpledged Assessments and Liens	90,202.45	96,496.76
Decreased by:		
Budget Appropriation	60,000.00	45,000.00
Ending Balance December 31,	\$ <u>164,750.28</u>	<u>134,547.83</u>

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 8,010,971.07	14,729,431.60
Grant Receivable	725,625.00	725,625.00
Deferred Charges to Future Taxation -		
Funded	20,901,259.50	21,086,534.13
Unfunded	22,251,875.00	18,001,875.00
	<u>51,889,730.57</u>	<u>54,543,465.73</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	2,806,262.13	818,323.22
Bond Anticipation Notes Payable	12,900,000.00	12,500,000.00
Serial Bonds Payable	16,785,000.00	20,185,000.00
Green Trust Loan Payable	703,379.09	841,534.13
Demolition Bond Loan Fund	50,000.00	60,000.00
Capital Lease Payable	3,362,880.41	-
Improvement Authorizations:		
Funded	2,946,457.11	4,932,985.79
Unfunded	12,112,020.99	15,015,790.55
Reserve for Preliminary Expenses	962.53	1,105.03
Reserve for Payment of Bonds and Notes	154,673.00	143,252.00
Capital Improvement Fund	1,172.49	1,172.49
Fund Balance	66,922.82	44,302.52
	<u>\$ 51,889,730.57</u>	<u>54,543,465.73</u>

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

2017	5,501,875.00
2018	9,351,875.00

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

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 44,302.52	94,846.67
Increased by:		
Close Improvement Authorizations	62,620.30	39,455.85
Decreased by:		
Appropriated to 2018 Budget Revenue	40,000.00	90,000.00
Ending Balance December 31	\$ <u>66,922.82</u>	<u>44,302.52</u>

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

	2018	2017
<u>Assets</u>		
Operating Fund:		
Cash	\$ 3,078,263.99	2,728,890.18
Change Fund	200.00	200.00
	<u>3,078,463.99</u>	<u>2,729,090.18</u>
Receivables Full Reserves:		
Consumer Accounts Receivable	788,727.10	721,026.24
Inventory	355,452.51	359,561.40
	<u>1,144,179.61</u>	<u>1,080,587.64</u>
Total Operating Fund	<u>4,222,643.60</u>	<u>3,809,677.82</u>
Assessment Trust Fund:		
Cash	246,957.62	227,482.57
Assessment Receivable	2,791.68	9,139.19
Assessments Held in Abeyance	135,813.63	152,237.47
Total Assessment Trust Fund	<u>385,562.93</u>	<u>388,859.23</u>
Capital Fund:		
Cash	3,070,052.59	3,429,262.54
Fixed Capital	67,072,496.40	62,299,372.86
Fixed Capital Authorized and Uncompleted	200,000.00	9,935,188.80
Due from Water and Sewer Utility Assessment Fund	2,791.68	6,087.98
Total Capital Fund	<u>70,345,340.67</u>	<u>75,669,912.18</u>
	<u>\$ 74,953,547.20</u>	<u>79,868,449.23</u>



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

	2018	2017
<u>Liabilities, Reserves, and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 746,611.44	544,030.91
Reserve for Encumbrances	153,826.13	345,748.14
Accounts Payable	1,396.29	2,447.50
Accrued Interest on Bonds and Notes	92,128.65	104,387.00
	<u>993,962.51</u>	<u>996,613.55</u>
Reserve for Receivables	1,144,179.61	1,080,587.64
Fund Balance	<u>2,084,501.48</u>	<u>1,732,476.63</u>
Total Operating Fund	<u>4,222,643.60</u>	<u>3,809,677.82</u>
Assessment Trust Fund:		
Reserve for:		
Deferred Farmland Assessments	135,813.63	152,237.47
Assessment Receivable	-	3,051.21
Due to Water and Sewer Utility Capital Fund	2,791.68	6,087.98
Fund Balance	<u>246,957.62</u>	<u>227,482.57</u>
Total Assessment Trust Fund	<u>385,562.93</u>	<u>388,859.23</u>
Capital Fund:		
Serial Bonds	4,315,000.00	5,255,000.00
NJEIT Bonds	2,225,000.00	2,355,000.00
NJEIT Loan	3,034,648.52	3,260,524.76
Improvement Authorizations:		
Funded	77,443.77	2,729,998.07
Unfunded	-	229,993.58
Contracts Payable	60,433.00	268,651.11
Capital Improvement Fund	316,137.47	211,757.85
Reserve for EDA Grant	158,783.50	158,783.50
Deferred Reserve for Amortization	4,911,612.33	6,636,612.33
Reserve for Amortization	52,786,235.55	54,497,430.99
Fund Balance	<u>2,460,046.53</u>	<u>66,159.99</u>
Total Capital Fund	<u>70,345,340.67</u>	<u>75,669,912.18</u>
	<u>\$ 74,953,547.20</u>	<u>79,868,449.23</u>
There were Bonds and Notes Authorized But Not Issued at December 31,		
2017	229,993.58	
2018	-	

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

	2018	2017
<u>Revenues and Other Income Realized</u>		
Operating Fund Balance	\$ -	586,993.00
Capital Fund Surplus	-	533,705.00
Rents	7,751,135.18	7,171,316.25
Fire Hydrant Service	53,469.96	53,295.72
Interest on Water Main Assessments	594.69	3,243.30
Miscellaneous Revenues Anticipated	525,946.55	271,754.44
DEP Well 4 Funding	-	294,692.44
Other Credit to Income:		
Accounts Payable - Canceled	2,447.50	2,253.81
Unexpended Balance of Appropriation Reserves	502,792.38	204,917.09
Total Income	8,836,386.26	9,122,171.05
<u>Expenditures</u>		
Operations	5,214,038.00	5,689,825.00
Capital Improvements	732,500.00	377,000.00
Debt Service	1,598,578.41	1,612,309.47
Deferred Charges and Statutory Expenditures	489,245.00	1,415,681.16
Refund of Prior Year Revenue	-	6,521.00
Total Expenditures	8,034,361.41	9,101,336.63
Excess/(Deficit) in Revenues	802,024.85	20,834.42
Adjustment to Income before Fund Balance:		
Expenditures Included Above Which are by Statute	-	-
Deferred Charges to Budget of Succeeding Year	-	-
Statutory Excess to Fund Balance	802,024.85	20,834.42
<u>Fund Balance</u>		
Fund Balance January 1	1,732,476.63	2,539,635.21
Decreased by:		
Utilized as Revenue in Water and Sewer and Sewer Utility Fund Budget	-	586,993.00
Utilized as Revenue in Current Fund Budget	450,000.00	241,000.00
Fund Balance December 31	\$ 2,084,501.48	1,732,476.63

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

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 66,159.99	1,149,864.99
Increased by:		
Close Ordinance 2012-56	69,141.95	-
Close Ordinance 2017-46	3,815.00	-
Close Ordinance 2009-74	2,320,929.59	-
Decreased by:		
Budget Appropriation	-	533,705.00
Ordinance 2017-46	-	350,000.00
Ordinance 2017-74	-	200,000.00
Ending Balance December 31	\$ <u><u>2,460,046.53</u></u>	<u><u>66,159.99</u></u>

**WATER AND SEWER UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018**

	Anticipated Budget	Anticipated	Excess or (Deficit)
Rents	\$ 7,700,000.00	7,751,135.18	51,135.18
Fire Hydrant	53,498.00	53,469.96	(28.04)
Connection Fees	122,783.00	285,767.32	162,984.32
Miscellaneous	156,447.00	240,179.23	83,732.23
Interest on Water Main Assessments	3,243.00	594.69	(2,648.31)
	<u>\$ 8,035,971.00</u>	<u>8,331,146.38</u>	<u>295,175.38</u>
Analysis of Realized Revenues:			
Miscellaneous:			
Interest on Investment		65,357.38	
Service Taps		75,495.14	
Jobbing Revenue		1,485.00	
Miscellaneous		97,841.71	
		<u>240,179.23</u>	

**WATER AND SEWER UTILITY FUND  
WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid Charged	Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 2,230,065.00	2,230,065.00	2,201,099.59		28,965.41	
Other Expenses	2,254,940.00	2,254,940.00	1,901,120.52	112,898.24	240,921.24	
Group Insurance for Employees	729,033.00	729,033.00	570,267.68	40,558.09	118,207.23	
Total Operations	5,214,038.00	5,214,038.00	4,672,487.79	153,456.33	388,093.88	-
Capital Improvements:						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		-	
Capital Outlay	682,500.00	682,500.00	342,147.77	369.80	339,982.43	
Total Capital Improvements	732,500.00	732,500.00	392,147.77	369.80	339,982.43	-
Debt Service:						
Payment of Bond Principal	1,295,877.00	1,295,877.00	1,295,876.24			0.76
Interest on Bonds	304,311.00	304,311.00	302,702.17			1,608.83
Total Debt Service	1,600,188.00	1,600,188.00	1,598,578.41	-	-	1,609.59
Deferred Charges and Statutory Expenditures						
Deferred Charges:						
None	-	-			-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	318,645.00	318,645.00	318,644.80		0.20	
Contribution to Social Security System (O.A.S.I.)	170,600.00	170,600.00	152,065.07		18,534.93	
Total Deferred Charges and Statutory Expenditures	489,245.00	489,245.00	470,709.87	-	18,535.13	-
Total Appropriations	\$ 8,035,971.00	8,035,971.00	7,133,923.84	153,826.13	746,611.44	1,609.59
Original Budget	8,035,971.00					
	8,035,971.00					
			302,702.17	Accrued Interest on Bonds and Notes		
			6,831,221.67	Disbursed		
			7,133,923.84			

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

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 227,482.57	215,917.02
Increased by:		
Collection of Deferred Farmland Assessments	16,423.84	2,386.31
Collection of Unpledged Assessments	3,051.21	9,179.24
Decreased by:		
None	-	-
Ending Balance December 31	\$ <u>246,957.62</u>	<u>227,482.57</u>

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

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 26,052,717.15	17,891,342.87
Change Fund	<u>1,000.00</u>	<u>1,000.00</u>
	<u>26,053,717.15</u>	<u>17,892,342.87</u>
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	8,710,351.43	7,670,841.28
Financial Transmission Right Collateral - Accounts Receivable	134,882.94	134,882.94
Inventory	2,301,924.19	2,747,932.47
Protested Checks	<u>670.40</u>	<u>1,928.07</u>
	<u>11,147,828.96</u>	<u>10,555,584.76</u>
Cayenta Bankruptcy Clearing	1.29	-
Cayenta - Refunds Payable	195.35	-
Due from Self Insurance	-	2,100,000.00
Total Operating Fund	<u>37,201,742.75</u>	<u>30,547,927.63</u>
Capital Fund:		
Cash	11,674,174.30	15,920,840.94
Fixed Capital	331,536,833.34	238,576,000.76
Fixed Capital Authorized and Uncompleted	<u>6,382,700.00</u>	<u>97,376,200.86</u>
Total Capital Fund	<u>349,593,707.64</u>	<u>351,873,042.56</u>
	<u>\$ 386,795,450.39</u>	<u>382,420,970.19</u>

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

	2018	2017
<u>Liabilities, Reserves, and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 3,851,141.01	488,354.22
Reserve for Encumbrances	2,022,238.99	1,976,738.36
Accounts Payable	5,528,664.58	6,621,779.98
Accrued Interest on Bonds and Notes	2,044,937.86	2,091,471.20
Prepaid Consumer Accounts	617,020.77	584,997.26
Consumer Deposits	848,757.73	822,602.89
Accrued Interest on Consumer Deposits	49,623.32	55,222.21
Customer Advances for Construction	22,799.00	22,799.00
Reserve For Donations - School Counts	2,927.94	4,185.23
Renewable Energy Deposit	20,000.00	20,000.00
Reserve for Inventory	1,814,978.35	1,688,562.02
	<u>16,823,089.55</u>	<u>14,376,712.37</u>
Reserve for Receivables	11,147,828.96	10,555,584.76
Fund Balance	<u>9,230,824.24</u>	<u>5,615,630.50</u>
Total Operating Fund	<u>37,201,742.75</u>	<u>30,547,927.63</u>
Capital Fund:		
Serial Bonds	153,985,000.00	158,155,000.00
Capital Lease Payable	656,536.02	-
Improvement Authorizations -		
Funded	3,861,264.00	3,460,153.01
Unfunded	-	-
Contracts Payable	43,893.20	4,966,420.00
Capital Improvement Fund	698,646.70	4,954,799.27
Reserve for Payment of Bonds & Notes	1,526,686.00	2,290,030.00
Reserve for Preliminary Improvement Costs	88,575.08	88,575.08
Deferred Reserve for Amortization	8,252,687.00	16,102,687.00
Reserve for Amortization	175,025,310.32	161,694,514.62
Fund Balance	5,455,109.32	160,863.58
	<u>349,593,707.64</u>	<u>351,873,042.56</u>
	<u>\$ 386,795,450.39</u>	<u>382,420,970.19</u>

There were Bonds and Notes Authorized But Not Issued at December 31,

2017	-
2018	-



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

	2018	2017
<u>Revenues and Other Income Realized</u>		
Light and Power Sale	\$ 97,962,328.92	86,617,956.38
Electric Supplies and Jobbing Revenue	222,660.65	24,835.35
Miscellaneous Revenues Anticipated	1,203,798.54	549,774.97
Anticipated Interest Subsidy	920,775.05	914,527.90
Miscellaneous Revenues Not Anticipated	-	5,086.05
Reserve to Pay Debt	763,344.00	763,344.00
Other Credits to Income:		
Cancellation of Accounts Payable	72,363.09	10,761.04
Unexpended Balance of Appropriation Reserves	796,230.41	2,746,606.52
Reserves Liquidated:		
Protested Checks	1,928.07	5,828.19
Total Income	<u>101,943,428.73</u>	<u>91,638,720.40</u>
<u>Expenditures</u>		
Operations	78,105,525.00	70,826,894.00
Capital Improvements	3,162,000.00	2,809,410.00
Debt Service	11,116,216.59	11,242,786.48
Deferred Charges and Statutory Expenditures	2,543,823.00	2,537,432.99
Reserve for:		
Protested Checks	670.40	1,928.07
Total Expenditures	<u>94,928,234.99</u>	<u>87,418,451.54</u>
Excess/(Deficit) in Revenues	7,015,193.74	4,220,268.86
Adjustment to Income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	-
Statutory Excess to Fund Balance	7,015,193.74	4,220,268.86
<u>Fund Balance</u>		
Balance January 1	<u>5,615,630.50</u>	<u>8,063,456.64</u>
	12,630,824.24	12,283,725.50
Decreased by:		
Utilized as Revenue in Current Fund Budget	<u>3,400,000.00</u>	<u>6,668,095.00</u>
Balance December 31	<u>\$ 9,230,824.24</u>	<u>5,615,630.50</u>

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

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 160,863.58	160,863.58
Increased by:		
Close Ordinance 2011-46	2,130,536.67	-
Close Ordinance 2012-36	3,163,709.07	-
Decreased by:		
None	-	-
Ending Balance December 31	\$ <u>5,455,109.32</u>	<u>160,863.58</u>

**ELECTRICITY UTILITY FUND  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated Budget	Realized	Excess or (Deficit)
Light and Power Sales	\$ 98,000,000.00	97,962,328.92	(37,671.08)
Electric Supplies and Jobbing Revenues	24,500.00	222,660.65	198,160.65
Reserve to Pay Debt	763,344.00	763,344.00	-
Miscellaneous	804,442.00	1,203,798.54	399,356.54
Interest Subsidy Anticipated	835,763.00	920,775.05	85,012.05
	<u>\$ 100,428,049.00</u>	<u>101,072,907.16</u>	<u>644,858.16</u>
Analysis of Realized Revenues:			
Miscellaneous:			
Scrap Metal	15,806.80		
Pole Rental	632,814.26		
Miscellaneous Refunds	204,038.37		
Interest on Investments	288,564.79		
Interest on Proceeds from Debt issuance	62,574.32		
		<u>1,203,798.54</u>	

**ELECTRIC UTILITY FUND  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification	Paid Charged	Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 11,763,316.00	11,763,316.00	11,606,799.61		156,516.39	
Other Expenses	67,611,314.00	67,611,314.00	60,382,598.83	1,150,501.46	2,578,213.71	3,500,000.00
Group Insurance for Employees	2,230,895.00	2,230,895.00	1,781,855.97	137,183.78	311,855.25	-
Total Operations	81,605,525.00	81,605,525.00	73,771,254.41	1,287,685.24	3,046,585.35	3,500,000.00
Capital Improvements:						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00		-	
Capital Outlay	4,912,000.00	4,912,000.00	1,511,753.35	734,553.75	665,692.90	2,000,000.00
Total Capital Improvements	5,162,000.00	5,162,000.00	1,761,753.35	734,553.75	665,692.90	2,000,000.00
Debt Service:						
Payment of Bond Principal	4,170,000.00	4,170,000.00	4,170,000.00			-
Interest on Bonds	6,946,701.00	6,946,701.00	6,946,216.59			484.41
Total Debt Service	11,116,701.00	11,116,701.00	11,116,216.59	-	-	484.41
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
None	-	-			-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	1,562,729.00	1,562,729.00	1,562,728.60		0.40	-
Social Security System (O.A.S.I.)	961,094.00	961,094.00	842,231.64		118,862.36	-
Unemployment Compensation Insurance	20,000.00	20,000.00			20,000.00	-
Total Deferred Charges and Statutory Expenditures	2,543,823.00	2,543,823.00	2,404,960.24	-	138,862.76	-
Total Appropriations	\$ 100,428,049.00	100,428,049.00	89,054,184.59	2,022,238.99	3,851,141.01	5,500,484.41
Original Budget	100,428,049.00	100,428,049.00				
			6,946,216.59	Accrued Interest on Bonds and Notes		
			5,523,555.78	Accounts Payable		
			126,416.33	Reserve for Inventory		
			76,457,995.89	Disbursed		
			89,054,184.59			

**SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 1,235,124.61	1,201,492.66
	<u>1,235,124.61</u>	<u>1,201,492.66</u>
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	410,634.91	436,966.36
	<u>410,634.91</u>	<u>436,966.36</u>
Total Operating Fund	<u>1,645,759.52</u>	<u>1,638,459.02</u>
Capital Fund:		
Cash	30,500.00	30,400.00
Fixed Capital	607,239.28	607,239.28
Fixed Capital Authorized and Uncompleted	<u>2,000,000.00</u>	<u>-</u>
Total Capital Fund	<u>2,637,739.28</u>	<u>637,639.28</u>
	<u>\$ 4,283,498.80</u>	<u>2,276,098.30</u>

**SOLID WASTE UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 81,969.05	134,903.44
Reserve for Encumbrances	<u>270,515.92</u>	<u>500,348.84</u>
	<u>352,484.97</u>	<u>635,252.28</u>
Reserve for Receivables	410,634.91	436,966.36
Fund Balance	<u>882,639.64</u>	<u>566,240.38</u>
Total Operating Fund	<u>1,645,759.52</u>	<u>1,638,459.02</u>
Capital Fund:		
Improvement Authorizations -		
Funded	-	-
Unfunded	455,219.60	-
Capital Lease Payable	1,544,780.40	-
Capital Improvement Fund	30,500.00	30,400.00
Reserve for Amortization	<u>607,239.28</u>	<u>607,239.28</u>
Total Capital Fund	<u>2,637,739.28</u>	<u>637,639.28</u>
	<u>\$ 4,283,498.80</u>	<u>2,276,098.30</u>

**SOLID WASTE UTILITY FUND  
COMPARATIVE STATE OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>Revenues and Other Income Realized</u>		
Solid Waste Revenue	\$ 3,783,994.40	3,729,778.70
Miscellaneous Revenue	40,049.21	28,348.60
Unexpended Balance of Appropriation Reserves	<u>164,359.65</u>	<u>93,133.27</u>
Total Income	<u>3,988,403.26</u>	<u>3,851,260.57</u>
<u>Expenditures</u>		
Operations	3,392,995.00	3,399,459.00
Capital Improvements	100.00	300,100.00
Deferred Charges and Statutory Expenditures	<u>28,909.00</u>	<u>29,120.00</u>
Total Expenditures	<u>3,422,004.00</u>	<u>3,728,679.00</u>
Excess in Revenues	566,399.26	122,581.57
<u>Adjustments to Income before Fund Balance</u>		
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>566,399.26</u>	<u>122,581.57</u>
<u>Fund Balance</u>		
Fund Balance January 1	<u>566,240.38</u>	<u>843,658.81</u>
	1,132,639.64	966,240.38
Decreased by:		
Utilized as Revenue in Current Fund Budget	<u>250,000.00</u>	<u>400,000.00</u>
Fund Balance December 31	<u>\$ 882,639.64</u>	<u>566,240.38</u>

**SOLID WASTE UTILITY FUND  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated Budget	Realized	Excess or (Deficit)
Solid Waste Revenue	\$ 3,691,656.00	3,783,994.40	92,338.40
Miscellaneous	<u>28,348.00</u>	<u>40,049.21</u>	<u>11,701.21</u>
	<u>\$ 3,720,004.00</u>	<u>3,824,043.61</u>	<u>104,039.61</u>
Analysis of Realized Revenues:			
Miscellaneous:			
Miscellaneous	27,299.00		
Interest on Investment	<u>12,750.21</u>		
		<u>40,049.21</u>	



**SOLID WASTE UTILITY FUND**  
**SOLID WASTE UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid Charged	Encumbered	Balance Canceled
Operations:					
Salaries and Wages	\$ 169,619.00	169,619.00	157,625.09		11,993.91
Other Expenses	3,160,027.00	3,160,027.00	2,832,652.14	266,466.97	60,907.89
Group Insurance for Employees	63,349.00	63,349.00	51,747.88	4,048.95	7,552.17
Total Operations	3,392,995.00	3,392,995.00	3,042,025.11	270,515.92	80,453.97
Capital Improvements:					
Capital Improvement Fund	100.00	100.00	100.00		-
Capital Outlay	298,000.00	298,000.00			298,000.00
Total Capital Improvements	298,100.00	298,100.00	100.00	-	298,000.00
Deferred Charges and Statutory Expenditures					
Deferred Charges:					
None	-	-			-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	15,933.00	15,933.00	15,932.24		0.76
Social Security System (O.A.S.I.)	12,976.00	12,976.00	11,461.68		1,514.32
Total Deferred Charges and Statutory Expenditures	28,909.00	28,909.00	27,393.92	-	1,515.08
Total Appropriations	\$ 3,720,004.00	3,720,004.00	3,069,519.03	270,515.92	298,000.00
	Original Budget	3,720,004.00			
		<u>3,720,004.00</u>			
			3,069,519.03	Disbursed	
			<u>3,069,519.03</u>		

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

	2018	2017
<u>General Fixed Assets:</u>		
Land	\$ 13,884,398.00	14,240,358.00
Buildings	68,801,943.00	65,332,468.00
Equipment and Vehicles	29,659,506.00	29,681,674.00
Total General Fixed Assets	112,345,847.00	109,254,500.00
Total Investment in General Fixed Assets	\$ <span style="border-bottom: 3px double black;">112,345,847.00</span>	<span style="border-bottom: 3px double black;">109,254,500.00</span>

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

### **A. Reporting Entity**

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

The City of Vineland was founded in 1861 by Charles K. Landis. In 1952, the City of Vineland and the Township of Landis consolidated to form the City of Vineland, an area of 69 square miles and the largest city in New Jersey in terms of geographical area. The population, according to the 2010 Census, is 60,724. The City provides to its citizens the following services: public safety, sanitation, recreation, health, public improvements, planning and zoning, water, sewer and electric services, as well as, general administrative services.

The City of Vineland has a strong Mayor – Council form of government known as the Mayor – Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected for a four-year term and designated the Chief Executive Officer of the Municipality.

The City Council is the legislative body of the City consisting of five members elected to four-year terms.

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 financial statements of the component units of the City of Vineland are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASBS No. 14 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

Vineland Downtown Improvement District  
610 E. Landis Avenue  
Vineland, New Jersey 08360

Vineland City Public Library  
1058 E. Landis Avenue  
Vineland, New Jersey 08360

Vineland Development Corporation  
640 E. Wood Street, 4<sup>th</sup> Floor  
Vineland, New Jersey 08360

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

## **B. Description of Funds**

The accounting policies of the City of Vineland 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 Vineland 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 Utility. The City Sewer operations became the responsibility of the Landis Sewerage Authority in 1988.

Water and Sewer Utility Assessment Fund -- The Water and Sewer Utility Assessment Fund accounts for special assessments levied against property owners for water and sewer improvements, which benefit property owners, rather than the City as a whole.

Electric Utility Operating and Capital Funds -- The Electric Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Electric Utility.

Solid Waste Utility Operating and Capital Funds -- The Solid Waste Utility Operating and Capital Funds account for the collection and disposal of solid waste and recyclable materials. The method of billing for garbage and trash collection changed from a district tax (based on assessed value) to a flat rate when the City's Garbage and Trash Collection District dissolved.

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

## **C. Basis of Accounting**

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

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that 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 costs of inventories of supplies for all funds, except the Water and Sewer Utility Operating Fund and Electric Utility Operating Fund, are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance, for all funds, except the Water and Sewer Utility Operating Fund and Electric Utility Operating Fund.

For the Water and Sewer Utility Operating Fund and Electric Utility Operating Fund, the cost of inventory is recorded as an asset at the time of purchase and included in the statements of assets, liabilities and reserves and fund balance.

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.

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 City is responsible for remitting 100% of the Downtown Improvement District, City of Vineland School District and the County of Cumberland taxes to the respective agency. Downtown Improvement District taxes are charged for the full amount required to be raised by taxation to support the district for the year. The City of Vineland School District taxes are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1<sup>st</sup> to December 31<sup>st</sup>, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018. The County of Cumberland taxes are charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

The loss for delinquent or uncollectible accounts is borne by the municipality and not the special district, school district or county.

Interest on Delinquent Taxes – It is the policy of the City of Vineland 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 and solid waste utility fund. Rates are determined by ordinance and changed as necessary. Charges are based on flat fees and usage based on the type of City. Charges are billed monthly and due within 15 days of the date rendered.

Interest on Delinquent Utility Charges – An additional charge of 5% of the current amount billed, net of any payments applied thereon, will be added to bills not paid within the specified payment time.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles or the regulatory 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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#### **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 November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any 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, 2019, will not have any effect on the City's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

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## **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 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$3,212,995.28 and \$3,086,308.74. To balance the budget, the City is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$3,100,000.00 and \$1,000,000.00.

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. There was no amount of fund balance budgeted required to balance the 2018 statutory budget and \$586,993.00 required to be budgeted in 2017.

The City operates an electric 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. There was no amount of fund balance budgeted required to balance the 2018 and 2017 statutory budget.

The City operates a solid waste 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. There was no amount of fund balance budgeted required to balance the 2018 and 2017 statutory budgets.

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.

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The following more significant budget transfers were approved in the 2018 and 2017 calendar years:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
Insurance		
General Liability	\$ (55,000.00)	\$ (89,862.00)
Employee Group Health	(390,980.44)	30,000.00
Health Benefit Waiver Opt Out		(30,000.00)
Police Department		
Salaries and Wages	(511,863.73)	
Other Expenses	300,000.00	
Streets and Roads Maintenance		
Salaries and Wages	(100,000.00)	
Fire Department (Fire Suppression)		
Salaries and Wages	(50,000.00)	
Other Expenses	50,000.00	
Solid Waste Collection		
Other Expenses	330,748.32	
Vehicle Maintenance (Including Police Vehicles)		
Other Expenses	30,000.00	
Public Health Services (Health Department Office)		
Salaries and Wages	(100,000.00)	
Electricity	150,000.00	
Gas (Natural or Propane)	30,000.00	
FICA Social Security System		50,000.00
Police and Firemen's Retirement System	211,863.73	45,000.00
Management Information Systems		
Salaries and Wages		(30,000.00)
Municipal Court		
Salaries and Wages	(45,000.00)	(50,000.00)
Buildings and Grounds		
Salaries and Wages		25,000.00
Public Health Services		
Invalid Coach and Ambulance Service		
Salaries and Wages	117,000.00	
<u>Water and Sewer Utility</u>	None	None
<u>Electric Utility:</u>	None	
Operating:		
Other Expenses		440,300.00
Capital Outlay		(450,000.00)
<u>Solid Waste Utility Fund:</u>	None	None

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 2018 and 2017, the following budget insertions were approved:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
NJ Div of Highway Traffic Safety-Click It or Ticket	\$ 5,500.00	\$ 5,500.00
NJ Div of Highway Traffic Safety-Drive Sober or Get Pulled Over		11,000.00
Highway Safety Fund - Safe Corridor		53,183.94
Drunk Driving Enforcement Fund		18,531.43
DCA- Alcohol Education & Rehabilitation Fund	8,641.43	8,171.17
NJ Dept of Law and Public Safety-Body Armor Replacement		12,310.73
US Dept of Justice-Bullet Proof Vest Partnership	16,698.00	
NJDOT Federal Projects	2,045,774.63	2,331,544.00
NJ Dept.of Transportation-Municipal Aid Programs	395,570.00	224,288.00
Southern NJ Perinatal Cooperative-Tobacco	38,000.00	32,000.00
Edward Byrne JAG	166,671.00	
US EPA Clean Communities	123,965.29	129,290.86
US FDA Grant	48,638.00	48,638.00
Cumberland County Municipal Alliance	52,358.00	52,358.00
Pedestrian Safety Grant	15,015.00	
NJ Partnership of Health Kids		820.00
Cumberland County-Department of Health	143,980.00	68,813.00
Cumberland Cape Atlantic YMCA	6,000.00	
UEZ 2nd Generation Funding	1,675,000.00	
UEZ 1st Generation Projects	250,000.00	
EMPG EMA Allocation Grant	19,400.00	
Administrative Operating Budget	145,392.00	
Health & Senior Services	17,759.00	

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no special emergency appropriations or emergency appropriations approved in 2018.

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### NOTE 3: INVESTMENTS

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. Of the City's \$2,013,550.33 investments in U.S. Treasury obligations through a money market mutual fund, \$2,013,550.33 is held by the counterparty, in the name of the City.

**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. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk.** The municipality places no limit on the amount the City can invest in any one issuer. All of the City's investments are in a U.S. government securities money market mutual fund.

As of December 31, 2018, the City had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Blackrock Liquidity T-Fund	On Demand	AAA	<u>\$ 2,013,550.33</u>

### Unaudited Investments

As more fully described in Note 17, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Valic, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$2,783,574.36 and \$2,945,155.39, respectively.

### 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 municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the City relative to the happening of a future condition. As of December 31, 2018 and 2017, \$12,774,213.71 and \$14,203,274.75 of the City's bank balance of \$84,685,213.04 and \$88,389,310.58 was exposed to custodial credit risk.

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2017:

	Balance 12/31/2016	Additions	Adjustments/ Retirements	Balance 12/31/2017
Land	\$ 13,716,558.00	535,000.00	(11,200.00)	14,240,358.00
Building Improvements	65,053,413.00	279,055.00		65,332,468.00
Machinery & Equipment	27,837,477.00	2,066,704.00	(222,507.00)	29,681,674.00
	<u>\$ 106,607,448.00</u>	<u>2,880,759.00</u>	<u>(233,707.00)</u>	<u>109,254,500.00</u>

	Balance 12/31/2017	Additions	Adjustments/ Retirements	Balance 12/31/2018
Land	\$ 14,240,358.00		(355,960.00)	13,884,398.00
Building Improvements	65,332,468.00	3,469,475.00		68,801,943.00
Machinery & Equipment	29,681,674.00	3,642,697.00	(3,664,865.00)	29,659,506.00
	<u>\$ 109,254,500.00</u>	<u>7,112,172.00</u>	<u>(4,020,825.00)</u>	<u>112,345,847.00</u>

**NOTE 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/2016	Issued	Retired	Balance 12/31/2017
Bond Anticipation Notes payable:				
General	\$ -	12,500,000.00	-	12,500,000.00
	<u>\$ -</u>	<u>12,500,000.00</u>	<u>-</u>	<u>12,500,000.00</u>

	Balance 12/31/2017	Issued	Retired	Balance 12/31/2018
Bond Anticipation Notes payable:				
General	\$ 12,500,000.00	12,900,000.00	12,500,000.00	12,900,000.00
	<u>\$ 12,500,000.00</u>	<u>12,900,000.00</u>	<u>12,500,000.00</u>	<u>12,900,000.00</u>

The note was issued on November 14, 2018 and is due and payable on November 14, 2019 with interest at 3.500%. As of December 31, 2018, the City has authorized but not issued bonds in the amount of \$9,351,875.00 and \$229,993.58 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, 2018 and 2017 consisted of the following:

	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due Within One Year
Bonds payable:					
General	\$ 23,795,000.00		3,610,000.00	20,185,000.00	3,400,000.00
Water Sewer Utility	8,660,000.00		1,050,000.00	7,610,000.00	1,755,000.00
Electric Utility	162,280,000.00		4,125,000.00	158,155,000.00	4,170,000.00
Total	194,735,000.00	-	8,785,000.00	185,950,000.00	9,325,000.00
Other liabilities:					
Loans Payable:					
General	1,063,669.65		162,135.52	901,534.13	148,155.03
Water Sewer Utility	3,486,401.00		225,876.24	3,260,524.76	225,876.24
Compensated Absences Payable	4,436,528.86		416,494.83	4,020,034.03	107,088.99
Total long-term liabilities	<u>\$ 203,721,599.51</u>	<u>-</u>	<u>9,589,506.59</u>	<u>194,132,092.92</u>	<u>9,806,120.26</u>
	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds payable:					
General	\$ 20,185,000.00		3,400,000.00	16,785,000.00	3,680,000.00
Water Sewer Utility	7,610,000.00		1,070,000.00	6,540,000.00	1,125,000.00
Electric Utility	158,155,000.00		4,170,000.00	153,985,000.00	5,490,000.00
Total	185,950,000.00	-	8,640,000.00	177,310,000.00	10,295,000.00
Other liabilities:					
Loans Payable:					
General	901,534.13		148,155.04	753,379.09	109,801.83
Water Sewer Utility	3,260,524.76		225,876.24	3,034,648.52	225,876.24
Capital Lease Payable:					
General	-	3,485,888.55	123,008.14	3,362,880.41	127,635.83
Electric Utility	-	659,090.91	2,554.89	656,536.02	31,361.57
Solid Waste Utility	-	1,544,780.40		1,544,780.40	348,754.90
Compensated Absences Payable	4,020,034.03		147,541.02	3,872,493.01	
Total long-term liabilities	<u>\$ 194,132,092.92</u>	<u>5,689,759.86</u>	<u>9,287,135.33</u>	<u>190,534,717.45</u>	<u>11,138,430.37</u>

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

\$12,290,000.00 General Improvement Bonds dated January 15, 2013, due in annual installments through January 1, 2023, bearing interest from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$7,500,000.00.

\$8,495,000.00 General Improvement Bonds dated January 13, 2015, due in annual installments through January 1, 2025, bearing interest from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$6,340,000.00.

\$4,400,000.00 Refunding Bonds dated February 25, 2016, due in annual installments through June 1, 2020, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$2,945,000.00.

There are various State of New Jersey Green Trust Loans, due in semi-annual installments through 2029, bearing interest from 0.00% to 2.00% per annum. The balance remaining as of December 31, 2018, is \$703,379.09.

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

\$6,670,000.00 Refunding Bonds dated April 15, 2005, due in annual installments through March 1, 2019, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$690,000.00.

\$2,730,000.00 Refunding Term Bonds dated April 15, 2005, due in annual installments through June 1, 2023, bearing interest of 5.00% per annum. The balance remaining as of December 31, 2018, is \$2,730,000.00.

\$2,855,300.00 Refunding Bonds dated December 4, 2007, due in annual installments through December 1, 2021, bearing interest at various rates from 4.00% to 5.00% per annum. The balance remaining as of December 31, 2018, is \$895,000.00.

\$1,195,000.00 Water New Jersey Infrastructure Trust Bonds dated March 10, 2010, due in semiannual installments through August 1, 2029, bearing interest at the rates from 3.00% to 5.00% per annum. The balance remaining as of December 31, 2018 is \$810,000.00.

\$685,000.00 Water New Jersey Infrastructure Trust Bonds dated May 21, 2014, due in semiannual installments through August 1, 2033, bearing interest at various rates per annum. The balance remaining as of December 31, 2018 is \$580,000.00.

\$1,000,000.00 Water New Jersey Infrastructure Trust Bonds dated May 22, 2013, due in semiannual installments through August 1, 2032, bearing interest at various rates per annum. The balance remaining as of December 31, 2018 is \$835,000.00.

\$1,221,250.00 in State of New Jersey Infrastructure Trust Loans dated March 10, 2010 due in semiannual installments through August 1, 2029, bearing interest at the rate of 0.00% annum. The balance remaining as of December 31, 2018 is \$683,072.10.

\$1,016,832.00 in State of New Jersey Infrastructure Trust Loans dated May 22, 2013 due in semiannual installments through August 1, 2032, bearing interest at various rates per annum. The balance remaining as of December 31, 2018 is \$742,254.36.

\$2,110,000.00 in State of New Jersey Infrastructure Trust Loans dated May 21, 2014 due in semiannual installments through August 1, 2033, bearing interest at various rates per annum. The balance remaining as of December 31, 2018 is \$1,609,322.06.

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

\$1,473,000.00 Refunding Bonds dated December 4, 2007, due in annual installments through March 1, 2018, bearing interest at various rates from 3.375% to 5.00% per annum. There is no balance remaining as of December 31, 2018.

\$60,000,000.00 Electric Utility Bonds dated October 22, 2007, due in annual installments through April 15, 2023, bearing interest at various rates from 2.00% to 5.394% per annum. The balance remaining as of December 31, 2018, is \$57,500,000.00.

\$80,000,000.00 Electric Utility Bonds dated July 16, 2014, due in annual installments through July 15, 2044, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$73,000,000.00.

\$6,830,000.00 Refunding Bonds dated February 25, 2016, due in annual installments through June 1, 2032, bearing interest at various rates from 2.000% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$6,330,000.00.

\$19,815,000.00 Refunding Bonds dated December 19, 2016, due in annual installments through December 31, 2032, bearing interest at a 3.35% fixed rate per annum. The balance remaining as of December 31, 2018, is \$17,155,000.00.

**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 Fund Bonds		Green Trust & Demolition Loans	
	Principal	Interest	Principal	Interest
2019	\$ 3,680,000.00	492,050.00	109,801.83	4,864.69
2020	3,715,000.00	364,350.00	110,764.04	3,902.47
2021	2,300,000.00	247,800.00	111,745.59	2,920.93
2022	2,450,000.00	162,300.00	112,746.88	1,919.65
2023	2,500,000.00	82,800.00	104,857.68	898.23
2024-2028	2,140,000.00	41,400.00	196,732.59	223.57
2029			6,730.48	
	<u>\$ 16,785,000.00</u>	<u>1,390,700.00</u>	<u>753,379.09</u>	<u>14,729.54</u>

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Year Ending December 31,	Water Utility Capital Bonds		Water Utility Capital Loan	
	Principal	Interest	Principal	Interest
2019	\$ 1,125,000.00	268,768.76	225,876.24	-
2020	1,130,000.00	220,143.76	225,876.24	-
2021	1,125,000.00	167,143.76	225,876.24	-
2022	830,000.00	115,768.76	225,876.24	-
2023	840,000.00	75,418.76	225,876.24	-
2024-2028	895,000.00	189,643.80	1,129,381.20	-
2029-2033	595,000.00	46,087.54	775,886.12	-
	<u>\$ 6,540,000.00</u>	<u>1,082,975.14</u>	<u>3,034,648.52</u>	<u>-</u>

Year Ending December 31,	Electric Utility Capital	
	Principal	Interest
2019	\$ 5,490,000.00	6,797,578.54
2020	18,700,000.00	6,232,385.12
2021	19,165,000.00	5,286,673.75
2022	15,875,000.00	4,407,061.13
2023	16,815,000.00	3,572,380.39
2023-2028	21,160,000.00	13,526,660.31
2029-2033	20,280,000.00	9,450,442.04
2034-2038	15,500,000.00	6,100,000.00
2039-2043	17,500,000.00	2,800,000.00
2044	3,500,000.00	140,000.00
	<u>\$ 153,985,000.00</u>	<u>58,313,181.28</u>

As of December 31, 2018, 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 \$602,323.36, to the water sewer utility \$302,702.17 and to the electric utility budget was \$6,946,216.59.

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	2018	2017	2016
Issued:			
General:			
Bonds, Notes and Other	\$ 33,801,259.50	33,586,534.13	24,858,669.65
Water/Sewer Utility			
Bonds, Notes and Long Term Loans	9,574,648.52	10,870,524.76	12,146,401.00
Electric Utility			
Bonds, Notes and Other	154,641,536.02	158,155,000.00	162,280,000.00
Solid Waste Utility			
Bonds, Notes and Other	-	-	-
Total Issued	<u>198,017,444.04</u>	<u>202,612,058.89</u>	<u>199,285,070.65</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	9,351,875.00	5,501,875.00	4,777,325.00
Water/Sewer Utility			
Bonds and Notes	-	229,993.58	1,163,697.74
Electric Utility			
Bonds and Notes	-	-	230,642.99
Total Authorized but Not Issued	<u>9,351,875.00</u>	<u>5,731,868.58</u>	<u>6,171,665.73</u>
Total Issued and Authorized But Not Issued	<u>207,369,319.04</u>	<u>208,343,927.47</u>	<u>205,456,736.38</u>
Deductions:			
Funds Temporarily Held to Pay Notes:			
General	154,673.00	143,252.00	132,497.15
Self-Liquidating Debt	<u>164,216,184.54</u>	<u>169,255,518.34</u>	<u>175,820,741.73</u>
Total Deductions	164,370,857.54	169,398,770.34	175,953,238.88
Net Debt	<u>\$ 42,998,461.50</u>	<u>\$ 38,945,157.13</u>	<u>\$ 29,503,497.50</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.05%.

	Gross Debt	Deductions	Net Debt
Water & Sewer Utility	\$ 9,574,648.52	9,574,648.52	-
Electric Utility	154,641,536.02	154,641,536.02	-
General Debt	<u>43,153,134.50</u>	<u>154,673.00</u>	<u>42,998,461.50</u>
	<u>\$ 207,369,319.04</u>	<u>164,370,857.54</u>	<u>42,998,461.50</u>

Net Debt \$42,998,461.50 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,096,851,344.67 = 1.05%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	143,389,797.00
Net Debt		42,998,461.50
Remaining Borrowing Power	\$	<u>100,391,335.50</u>

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2018 and 2017, which were appropriated and included as anticipated revenue in their respective funds for the year ending December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$ 3,100,000.00	3,100,000.00
Water Sewer Utility	None	None
Electric Utility	None	None
Solid Waste Utility	257,124.00	None

**NOTE 9: SCHOOL TAXES**

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Balance of Tax	\$ 11,401,643.96	\$ 11,069,556.92
Deferred	7,899,282.43	7,899,282.43
Tax Payable	<u>\$ 3,502,361.53</u>	<u>3,170,274.49</u>

**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:

	<u>Balance 12/31/18</u>	<u>Balance 12/31/17</u>
Prepaid Taxes	\$ 1,112,564.01	2,372,152.97
Cash Liability for Taxes Collected in Advance	<u>\$ 1,112,564.01</u>	<u>2,372,152.97</u>

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## **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 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 33 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.

### *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 7.34% through June 30, 2018 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The City's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$3,186,447.80, \$3,064,149.00 and \$2,998,052.03.

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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, 2018, 2017, and 2016 were \$3,658,298.00, \$3,358,373.00 and \$3,538,799.89.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution for the years ended December 31, 2018, 2017, and 2016 were \$20,705.58, \$18,700.36 and \$14,501.73.

The total payroll for the year ended December 31, 2017, 2016, and 2015 was \$44,468,376.63, \$43,793,995.51 and \$39,470,184.95. Payroll covered by PFRS was \$13,072,012.00, \$12,898,067.00 and \$13,107,563.00. Payroll covered by PERS was \$24,404,518.00, \$23,751,359.00 and \$23,634,823.00.

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<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 2013.

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

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

#### **Note 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, 2018:

#### **Public Employees' Retirement System**

The City has a liability of \$67,076,861.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the City's proportion would be 0.34067323120%, which would be an increase of 0.08% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City would have recognized pension expense of \$3,735,541.00. At December 31, 2018, 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	\$ 1,279,166	\$ (345,870)
Changes of assumptions	11,053,156	(21,447,613)
Changes in proportion	342,188	(600,479)
Net difference between projected and actual earnings on pension plan investments		(629,184)
Total	<u>\$ 12,674,510</u>	<u>\$ (23,023,146)</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,	
2019	\$ 417,561
2020	(715,636)
2021	(4,590,056)
2022	(4,112,378)
2023	(1,348,127)
Total	<u>\$ (10,348,637)</u>

### Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.66%, 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 (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
City's proportionate share of the net pension liability	\$ 80,643,354	\$ 67,076,861	\$ 55,702,281

*Pension plan fiduciary net position*

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

**Police and Firemen's Retirement System**

The City has a liability of \$53,810,917.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the City's proportion would be 0.397667122070%, which would be a decrease of 3.804% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City would have recognized pension expense of \$4,092,164.00. At December 31, 2018, 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	\$ 547,456	\$ (222,682)
Changes of assumptions	4,618,943	(13,790,809)
Changes in proportion	766,739	(2,563,038)
Net difference between projected and actual earnings on pension plan investments		(294,394)
Total	<u>\$ 5,933,138</u>	<u>\$ (16,870,923)</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,	
2018	\$ 482,148
2019	(1,897,490)
2020	(5,130,945)
2021	(3,327,066)
2022	(1,064,432)
Total	<u>\$ (10,937,785)</u>

### Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, 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 (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
City's proportionate share of the net pension liability	70,096,329.29	53,810,917	40,381,113.70

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, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 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, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. 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 2017, 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 0.39766712070% for 2018. The net pension liability amount allocated to the City was \$7,309,323.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$865,778.00 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.

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, 2018 were \$6,338,578,586 and \$9,642,524,641, 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, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

### *Special Funding Situation:*

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

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

*Net OPEB Liability:*

*Components of Net OPEB Liability*

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

	<u>June 30, 2018</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 15,981,103,227
Plan Fiduciary Net Position	314,485,086
Net OPEB Liability	<u>\$ 15,666,618,141</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

At June 30, 2018, the State's proportionate share for the Special Funding Situation that is associated with the City is \$55,543,257. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.893863% which was an increase from the prior year of 2.81%.

For the Year ended June 30, 2018, the State of New Jersey realized Total OPEB Expense in the amount of \$1,681,359 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

#### *Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

#### *Discount Rate*

The discount rate for June 30, 2018 was 3.87%. 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, 2018, 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 (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Collective			
Net OPEB Liability \$	18,381,085,096	\$ 15,666,618,141	\$ 13,498,373,388

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

The following presents the net OPEB liability as of June 30, 2018, 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 \$	13,068,471,450	\$ 15,666,618,141	\$ 19,029,006,023

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

At June 30, 2018, 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	\$	\$ (3,180,882,321)
Changes of assumptions		(3,974,042,874)
Net difference between projected and actual earnings on OPEB plan investments	8,279,239	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)
Total	\$ <u>2,115,007,508</u>	\$ <u>(9,261,653,464)</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>
2019	\$ (1,049,390,011)
2020	(1,049,390,011)
2021	(1,049,390,011)
2022	(1,050,264,681)
2023	(1,051,678,489)
Thereafter	(1,896,532,753)
Total	\$ <u>(7,146,645,956)</u>

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, 2018 are as follows:

Service cost	\$ 896,235,148
Interest on Total OPEB Liability	764,082,232
Expected Investment Return	(9,389,460)
Administrative Expenses	8,200,113
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(445,501,726)
Changes in Assumptions	(606,176,763)
Differences between Projected and Actual Investment	
Earnings on OPEB Plan Investments	2,288,478
Total Collective OPEB Expense	<u><u>\$ 609,738,022</u></u>

#### **NOTE 14: POST-RETIREMENT BENEFITS**

The City participates New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple –employer plan in accordance with GASB Statement 75 “Accounting and Financial Reporting For Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents. The OPEB Liability associated with the SHBP is further discussed in Note 12.

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 Cumberland County and Twenty-five (25) years or more enrolled in the pension system; or
- (2) Fifteen (15) years of full-time service with the Cumberland County and the employee is sixty-two (62) years of age.

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 538 total participants including 97 retirees.



## 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, 2017 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 3.78% and annual dental and vision cost trend rate of 2.0%. 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, 2017 actuarial valuation, the Actuarial Determined Contribution for the year's ending December 31, 2018 was projected as follows:

	<u>12/31/2018</u>
Service Cost	\$ 309,609.00
30 Year Amortization of NOL at 3.64	982,764.00
Actuarially Determined Contribution	<u>1,292,373.00</u>
Actual Contribution	768,727.00
Excess Contribution	\$ <u><u>(523,646.00)</u></u>
Covered Payroll	\$ 31,500,000.00
Actuarially Determined Contribution as a % of Covered Payroll	4.10%

The following reflects the change in the Total OPEB Liability as of the January 1, 2017 valuation date for the Year ended December 31, 2018.

	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 13,792,173.00
Changes for the Year:	
Service Cost	309,609.00
Interest	488,044.00
Assumption Changes & Difference	
Between Actual & Expected Experience	(843,923.00)
Change in Actuarial Cost Method	
Benefit Payments	(768,727.00)
OPEB Liability, End of Year	\$ <u>12,977,176.00</u>
Covered payroll (for Covered Participants)	\$ 31,500,000.00
Total OPEB liability as a percentage of covered payroll	41.21%

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

The January 1, 2017 valuation was prepared using a discount rate of 3.64%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$11,687,036.00 or by 4.64%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$14,267,316.00 or by 2.64%.

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 3.64%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>14,267,316.00</u>	\$ <u>12,977,176.00</u>	\$ <u>11,687,036.00</u>

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

The January 1, 2017 valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$14,444,063.00 or by 9.00%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$11,737,840.00 or by 7.00%.

	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Baseline 8.00%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>11,737,840.00</u>	\$ <u>12,977,176.00</u>	\$ <u>14,444,063.00</u>

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

For the year ended December 31, 2017, the City's Actuarial determined OPEB expense was 677,093.00. At December 31, 2017, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in January 1, 2017 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$	\$ 723,363.00
Total	\$ -	\$ 723,363.00

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,

2019	\$ (120,560.00)
2020	(120,560.00)
2021	(120,560.00)
2022	(120,560.00)
2023	(120,560.00)
2024	(120,560.00)
	\$ <u>(723,360.00)</u>

## NOTE 15: ACCRUED SICK AND VACATION BENEFITS

### Vacation Benefits

The City does not encourage the carrying of vacation pay over to the next calendar year. Exceptions are allowed for a minimal amount, generally five days per employee. The unused vacation pay approved for payment to employees is appropriated and paid from the annual operation budgets. All labor contracts representing the employees of the City "accrue" the full amount for the calendar year at the beginning of the calendar year. However, should an employee terminate before the end of the year, the accrual for that calendar year is prorated to the date of termination.

### Unused Sick Pay

The City permits employees to accumulate unused sick time. Employees will be compensated for unused sick time only upon a state recognized retirement up to a maximum of \$15,000.00 per employee. Employees that are not eligible for retirement are not entitled to payment of accumulated sick time.

## Compensatory Time

The City offers compensatory time for employees in lieu of overtime, when an employee is required to work in excess of his or her normally scheduled daily hours. Compensatory time is earned at a rate of one and half times the employee's hourly rate.

The estimated value of compensated absences as of December 31, 2018 was \$3,872,493.01.

## NOTE 16: ECONOMIC DEPENDENCY

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

## NOTE 17: RISK MANAGEMENT

The City has adopted plans of self-insurance for workers' compensation insurance and various types of liability coverage. Reserves have been established in the Trust Other Fund to account for and finance its related uninsured risks of loss. The PMA Insurance Group acts as administrator of the plan. The City purchases commercial insurance for claims that exceed the self-insured retention limits established by the City. Settled claims have not exceeded this commercial coverage in any of the past three years.

At December 31, 2018 the balance of estimated claims payable reported by the administrator of the plan were \$716,744.00 and \$15,209.88 for the Worker's Compensation Program and General Liability Program respectively. Balances in the City's trust fund reserve accounts at December 31, 2018 were as follows:

Reserve for Worker's Compensation	\$2,435,251.93
Reserve for Self Insurance	5,467,179.33

## Property and Liability Insurance

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.

The City maintains insurance coverage for property, liability and surety bonds.

## New Jersey Unemployment Compensation Insurance

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

Year	Contributions	Amount Reimbursed	Ending Balance
2018	\$ 167,463.85	148,047.59	773,977.58
2017	144,653.69	79,319.01	754,561.32
2016	68,934.78	147,072.05	689,226.64

**NOTE 18: DEFERRED COMPENSATION**

The City offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements. The plan administrators are as follows:

Mass Mutual  
Valic  
Voya

**NOTE 19: LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)**

During the 1999 calendar year, the voters of the City of Vineland approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Service Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City appropriated \$147,777.00 and \$154,133.00 in 2018 and 2017 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City subject only to the claims of the City's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

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

The City of Vineland issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP. The financial report may be obtained by contacting the City of Vineland, 640 E. Wood Street, Vineland, NJ 08360.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 20: MORTGAGES RECEIVABLE**

The City of Vineland has an ongoing program to loan low and moderate income homeowners funds from the Community Development Program and HOME Investment Partnership Program (HOME). The loans are used to correct building code violations and to aid owners in structurally maintaining their homes.

Loans are granted with no interest and are payable when the house is sold or when ownership is transferred. The loan is a lien against the property, and this lien is recorded with the County of Cumberland Register of Deeds. The amount of loans receivable at the December 31, 2018 is \$6,126,390.23.

Proceeds from the loans are restricted to be used for Community Development Block Grant and HOME Investment Partnership Program activities.

**NOTE 21: VINELAND URBAN ENTERPRISE ZONE LOAN FUND**

The City of Vineland Urban Enterprise Zone Loan Program was established as a mechanism to offer economic development incentives to local businesses as a result of funds derived from Urban Enterprise Zone revenues.

The primary goal of the program is to provide favorable incentives which, when coupled with private financing, will stimulate new investments, create new tax revenues and cause the retention and creation of new job opportunities in the City of Vineland.

The Enterprise Zone Development Corporation of Vineland and Millville acts as custodian for UEZ funds on behalf of the City of Vineland in accordance with the New Jersey Urban Enterprise Zones Act, P.L. 1983, C303 (N.J.S.A. 52:27H-CO, et seq.). Initially, loans are made as "first generation" loans directly from the State of New Jersey at the direction of the UEZ Board. The City of Vineland and the Enterprise Zone Development Corporation of Vineland and Millville have agreed that the installment payments (principal and interest) on "first generation" loans shall be deposited in a revolving loan which will be available for re-issue to business concerns based upon approval of loan applications by the City of Vineland's Urban Enterprise Zone Revolving Loan Fund Committee. Principal and interest payments received on "second generation" loans shall also be deposited in the same revolving loan fund for continuation of the loan program.

The City authorized the establishment of a Revolving Line of Credit secured by the City's Second Generation Urban Enterprise Zone Loan Portfolio. The purpose of the line of credit is to supplement lending resources.

The value of the City's loan portfolio is reflected in the financial statements of the Enterprise Zone Development Corporation of Vineland and Millville as restricted fund balances, since the City of Vineland holds the eventual claim to these funds. As of December 31, 2018, the portfolio's outstanding loan principal receivable was \$77,594,238.43. The City of Vineland UEZ has a line of credit of \$9,850,000.00 with Capital Bank of New Jersey and as of December 31, 2018 had utilized \$0.00 of their line of credit. In the event of any default, the line of credit is secured by the loan portfolio and therefore, is not an obligation of the City of Vineland.

**NOTE 22: 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 23: SANITARY LANDFILL ESCROW CLOSURE FUND**

The City of Vineland operates a municipal landfill located in the southern part of the City. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

The Sanitary Landfill Facility Closure Reserve balance at the balance sheet date does not represent the estimated cost of closure. The balance of the fund merely represents the amount required to be escrowed in accordance with the statute and is accounted for in the City's trust fund. Actual costs associated with closure are not known. In addition, the City has adopted capital ordinances to fund the costs associated with the landfill closure. The Trust Fund Reserves reimburse the Capital Fund for costs expended for the closure, upon the approval of the Board of Public Utilities and Department of Environmental Protection.

**NOTE 24: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the City of Vineland:

	Due From	Due To
Current Fund:		
Grant Fund	\$ 29,888.17	
Trust Funds	5.72	
Grant Fund:		
Current Fund		29,888.17
Trust Funds:		
Current Fund		5.72
Water Sewer Capital Fund:		
Water Assessment Fund	2,791.68	
Water Sewer Utility Assessment Fund:		
Water Sewer Capital Fund		2,791.68
	\$ <u>32,685.57</u>	<u>32,685.57</u>

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

**NOTE 25: WATER TANK AGREEMENT**

On May 16, 2012, the City of Vineland entered into an agreement with Utility Service Co. Inc. to perform services to maintain eight of its water storage tanks. The term of this agreement is seventeen years. Annual fees are due and payable on November 1<sup>st</sup> of each contract year. The City of Vineland was in Year 7 of this agreement during 2018. As of December 31, 2018, the following annual fees are outstanding:

<u>Year Ending December 31,</u>	<u>Contract Year</u>	<u>Annual Fee</u>
2019	8	\$ 650,000.00
2020	9	650,000.00
2021	10	650,000.00
2022	11	650,000.00
2023	12	650,000.00
2024	13	650,000.00
2025	14	650,000.00
2026	15	464,191.00
2027	16	464,191.00
2028	17	464,191.00
		<u>\$ 5,942,573.00</u>

**NOTE 26: CAPITAL LEASE OBLIGATIONS**

During the year ended December 31, 2018, the City had capital lease agreements in effect for the following:

The City has a capital lease with Cumberland County Improvement Authority (CCIA) for a general office space, public works space and vehicle maintenance/garage facility located at 57 West Park Avenue, Vineland, New Jersey. The lease agreement began on April 1, 2018 and continues for a fifteen-year period. Upon expiration of the lease term, the lease agreement will continue on a month-to-month basis. Annual payments are made in the amount of \$334,704.39 for the Current fund portion and \$63,283.92 from the Electric Utility fund portion. Interest on the lease is 4.95% per annum.

The City is leasing trash toters totaling \$1,851,217.00 under a capital lease. Annual payments are made to TD Bank Equipment Finance and include interest at 2.99% per annum.

The following is a schedule of the future capital lease payments.

<u>Year Ending December 31,</u>	<u>West Park Ave - Current Fund</u>		<u>West Park Ave - Electric Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 171,239.38	163,465.02	31,361.57	31,922.35
2020	179,882.37	154,822.03	32,943.02	30,340.90
2021	188,961.59	145,742.81	34,604.23	28,679.69
2022	198,499.08	136,205.32	36,349.19	26,934.73
2023	208,517.94	126,186.46	38,182.14	25,101.78
2024-2028	1,211,492.59	462,029.41	221,808.34	94,611.26
2029-2033	<u>1,204,287.46</u>	<u>130,312.51</u>	<u>261,287.53</u>	<u>32,834.49</u>
	<u>\$ 3,362,880.41</u>	<u>1,318,763.56</u>	<u>656,536.02</u>	<u>270,425.20</u>



Year Ending December 31,	Trash Toters	
	Principal	Interest
2019	\$ 348,754.90	55,351.39
2020	359,182.67	44,923.62
2021	369,922.24	34,184.05
2022	380,982.91	23,123.38
2023	392,374.28	11,732.01
	<u>\$ 1,851,217.00</u>	<u>169,314.45</u>

#### NOTE 27: SUBSEQUENT EVENTS

The City has evaluated subsequent events through August 9, 2019, the date which the financial statements were available to be issued. The following event was identified:

##### Bond Issue

On June 4, 2019 the City issued \$56,735,000.00 Electric Utility Refunding Bonds. Annual principal and interest installments are due through October 1, 2029. Interest on the Bonds will be payable semiannually on April 1 and October 1 each year.

##### Capital Lease:

Effective December 28, 2017, the City entered into an agreement with Cumberland County Improvement Authority (CCIA) for a development and management agreement for the Construction of a Public Safety Building. As a precondition to the terms of the agreement the City entered a lease with the Authority.

The following is a schedule of the future lease payments:

Year Ending December 31,		
	Principal	Interest
2020	\$ -	421,956.25
2021	640,000.00	843,912.50
2022	610,000.00	811,912.50
2023	680,000.00	781,412.50
2024	715,000.00	747,412.50
2025 - 2029	4,125,000.00	3,173,462.50
2030 - 2034	5,070,000.00	2,233,225.00
2035 - 2039	6,000,000.00	1,302,718.76
2040 - 2042	4,095,000.00	279,450.02
	<u>\$ 21,935,000.00</u>	<u>10,595,462.53</u>

Subsequent to December 31, the City of Vineland authorized additional Bonds and Notes as follows:

<b><u>Purpose</u></b>	<b><u>Date</u></b>	<b><u>Amount</u></b>
Bonds and Notes:		
Improvements to Various Roads and Related Drainage Improvements	Introduced: February 26, 2019 Adopted: March 12, 2019	\$ 1,900,000.00
Various Capital Improvements	Introduced: February 26, 2019 Adopted: March 12, 2019	3,515,000.00
Costs of a Redevelopment Project	Introduced: February 26, 2019 Adopted: March 12, 2019	1,400,000.00
Refunding Bond Ordinance, providing for the restructuring of the remaining debt service on its \$58,500,000 General Improvement Bond (Electric Utility Project)	Introduced: March 12, 2019 Adopted: April 23, 2019	58,500,000.00
		<hr/>
		\$ 65,315,000.00

**APPENDIX C**

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

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\_\_\_\_\_, 2019

City Council of the  
City of Vineland, in the  
County of Cumberland, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Vineland, in the County of Cumberland, New Jersey (the "City") in connection with the issuance by the City of a \$17,550,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the City listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved, and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real 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 Note in order to preserve the tax-exempt status of the Note 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 Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. 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 Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note 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,