**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 21, 2024**

**NEW ISSUE**

**RATINGS: S&P: "AA" (Bonds)**
**(See "RATINGS" herein)**

*In the opinion of Malamut & Associates, LLC, Bond Counsel to the City, based on certifications of the City (as hereinafter defined) and assuming continuing compliance with their respective covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds (as hereinafter defined), interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a full discussion.*

# CITY OF LAMBERTVILLE
# IN THE COUNTY OF HUNTERDON, NEW JERSEY

## $8,352,000*
## GENERAL OBLIGATION BONDS, SERIES 2024
## (Book-Entry-Only) (Callable) (Bank-Qualified)

**Dated:** Date of Delivery
**Due:** March 1, as shown on the inside front cover

The $8,352,000* General Obligation Bonds, Series 2024 (the "Bonds") of the City of Lambertville, in the County of Hunterdon, New Jersey (the "City"), will be issued in the form of one certificate for the aggregate principal amount of the Bonds of each series maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. See "THE BONDS – Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on March 1 and September 1 in each year until maturity or earlier redemption, commencing on March 1, 2025. Principal of and interest due on the Bonds will be paid to DTC by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2016-17, 2018-01, 2018-02, 2018-03, 2018-06, 2018-07, 2018-08, 2018-09, 2018-11, 2018-13, 2018-19, 2018-20, 2019-02, 2020-03, 2020-04, 2020-05, 2020-06, 2020-11, 2020-17, 2021-03, 2021-05, 2021-11, 2021-31, 2022-06, 2022-11, 2022-13 and 2023-18 ("Bond Ordinances"), duly and finally adopted by the City in accordance with the requirements of the Local Bond Law; (iii) Resolution 50-2024 adopted by the City on March 7, 2024; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on March 28, 2024.

The Bonds are valid and legally binding obligations of the City and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

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

The Bonds are offered when, as and if issued, and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Malamut & Associates, LLC, Cherry Hill, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the City in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about April 11, 2024.

**BID PROPOSALS FOR THE BONDS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION VIA THE PARITY ELECTRONIC BID SYSTEM ON THURSDAY, MARCH 28, 2024 UNTIL 11:00 A.M. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

* Preliminary, subject to change.

**CITY OF LAMBERTVILLE,**
**IN THE COUNTY OF HUNTERDON, NEW JERSEY**

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

**$8,352,000* GENERAL OBLIGATION BONDS, SERIES 2024**

| Year (March 1) | Principal Amount | Interest Rate | Yield | CUSIP** |
|---|---|---|---|---|
| 2025 | $337,000 | % | % | |
| 2026 | 475,000 | | | |
| 2027 | 485,000 | | | |
| 2028 | 500,000 | | | |
| 2029 | 510,000 | | | |
| 2030 | 525,000 | | | |
| 2031 | 550,000 | | | |
| 2032 | 550,000 | | | |
| 2033 | 565,000 | | | |
| 2034 | 610,000 | | | |
| 2035 | 625,000 | | | |
| 2036 | 635,000 | | | |
| 2037 | 650,000 | | | |
| 2038 | 665,000 | | | |
| 2039 | 670,000 | | | |

* Preliminary, subject to change.

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bond and Note holders only at the time of issuance of the Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**CITY OF LAMBERTVILLE, IN THE**
**COUNTY OF HUNTERDON, NEW JERSEY**

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**MAYOR**

Andrew J. Nowick

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**CITY COUNCIL**

Benedetta Lambert, President
Steven M. Stegman
Evan Lide
Karen J. Kominsky

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**CHIEF FINANCIAL OFFICER**

Christie Ehret

---

**TAX COLLECTOR**

Jessica Crea

---

**CITY CLERK**

Cynthia L. Ege

---

**CITY ATTORNEY**

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

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**CITY AUDITOR**

Suplee Clooney & Company
Westfield, New Jersey

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**BOND COUNSEL**

Malamut & Associates, LLC
Cherry Hill, New Jersey

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**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

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 the affairs of the City since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters.

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

Malamut & Associates, 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.

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**OFFICIAL STATEMENT**
**Relating to the**

# CITY OF LAMBERTVILLE, IN THE COUNTY OF HUNTERDON, NEW JERSEY

## $8,352,000* GENERAL OBLIGATION BONDS, SERIES 2024

## INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the City of Lambertville (the "City"), in the County of Hunterdon (the "County"), New Jersey (the "State"), in connection with the sale and the issuance of $8,352,000* General Obligation Bonds, Series 2024 (the "Bonds"). This Official Statement has been executed by and on behalf of the City by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources.

## THE BONDS

### General Description

The Bonds will be dated their date of delivery, will mature on March 1 in the years and in the amounts set forth on the inside front cover page hereof, and will bear the interest from their dated date. Interest on the Bonds will be payable semiannually on March 1 and September 1 in each year until maturity or earlier redemption, commencing on March 1, 2025 at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months.

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

* Preliminary, subject to change.

**Book-Entry-Only System***

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

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

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

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

* Source: The Depository Trust Company.

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

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

Redemption proceeds, if any, and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Bonds at any time by giving reasonable notice to the City or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

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

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

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

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

If the City, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the City will attempt to locate another qualified securities depository. If the City fails to find such a securities depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the City shall notify DTC of the termination of the book-entry-only system.

**Redemption**

The Bonds maturing prior to March 1, 2032 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2032 are redeemable at the option of the City in whole or in part on any date on or after March 1, 2031 at 100% of the principal amount outstanding (the "Redemption Price") plus interest accrued to the date of redemption upon notice as required herein.

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

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the City shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

## AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the City Council referred to in the chart below and by a resolution adopted by the City Council on March 7, 2024 (the "Resolution").

Proceeds from the sale and issuance of the Bonds, along with other available funds of the City in the amount $1,261,145.95, will be used by the City to: (i) refund, on a current basis, a $7,347,986.05 aggregate portion of the bond anticipation notes of the City originally issued in the aggregate principal amount of $8,609,132.00, dated April 13, 2023 and maturing April 12, 2024 (the "Prior Notes"); (ii) provide funds to permanently finance $1,004,013.95 of various capital improvements in and by the City; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

| **Bond Ordinance** | **Description of Bond Ordinance** | **Total Amount Funded with Bond Proceeds** |
|---|---|---|
| 2016-17 | Upgrades to City Hall | $109,352.00 |
| 2018-01 | Refurbish & Repair Heavy Equipment & Vehicles | 29,554.00 |
| 2018-02 | Acquisition of Equipment | 59,110.00 |
| 2018-03 | Improvements to City Parks | 114,516.00 |
| 2018-06 | Improvements to City Buildings | 357,894.00 |
| 2018-07 | Engineering Fees Flood Gates | 33,362.00 |
| 2018-08 | Improvements to City Roads - George St. and Coryell | 343,828.61 |
| 2018-09 | Supplemental Professional and Consulting | 61,912.00 |
| 2018-11 | Acquisition and Installation of Fencing for Ely Park | 362,636.00 |
| 2018-13 | Supplemental Professional and Consulting – Connaught Hill | 36,262.00 |
| 2018-19 | Acquisition of Refurbished Garbage Trucks | 23,044.00 |
| 2018-20 | Improvements to City Parks | 21,294.00 |
| 2019-02 | Professional and Consulting Fees COAH/Fair Share Housing | 47,500.00 |
| 2020-03 | Redevelopment Planning and Design | 76,909.43 |
| 2020-04 | Redevelopment Planning and Investigation | 18,000.00 |
| 2020-05 | Various Technology Improvements | 61,037.00 |
| 2020-06 | Housing Element and Fair Share Plan | 33,000.00 |
| 2020-11 | Various Capital Improvements | 125,903.17 |
| 2020-17 | Purchase of Closson Property | 66,915.86 |
| 2021-03 | DPW Vehicle Rehabilitation | 31,900.00 |
| 2021-05/ 2022-12 | Grant Avenue and Allen Street | 90,185.98 |
| 2021-11 | Acquisition of 260 North Main Street | 3,284,350.00 |
| 2022-06 | Watershed Protection Improvements | 476,189.00 |
| 2022-11 | Various Road Improvements | 435,713.00 |

| Bond Ordinance | Description of Bond Ordinance | Total Amount Funded with Bond Proceeds |
|---|---|---|
| 2022-13 | Various Capital Improvements | 1,047,618.00 |
| 2023-18 | Various Capital Improvements | 1,004,013.95 |
| | Total: | $8,352,000.00 |

## SECURITY AND SOURCE OF PAYMENT

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

## MARKET PROTECTION

The City does not anticipate issuing any bonds within the next ninety (90) days. The City may issue additional bond anticipation notes or tax anticipation notes, as necessary, during calendar year 2024.

## INFECTIOUS DISEASE OUTBREAK – COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, had been characterized as a pandemic (the "Pandemic") by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on, March 13, 2020, then President Trump declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020 and issued multiple Executive Orders regarding the Pandemic. On June 4, 2021, Governor Murphy signed an Executive Order declaring the end to the Pandemic, effective July 4, 2021, subject to certain executive orders remaining in effect until January 1, 2022. Ongoing actions may be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic negatively affected travel, commerce and financial markets globally. Because of the evolving nature of the outbreak and new variants of COVID-19, along with federal, state and local responses thereto, the City cannot predict how the outbreak may impact the financial condition or operations of the City, if there will be any impact on the assessed values of property within the City or unexpected deferrals of tax payments to municipalities, or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs to the City.

The American Rescue Plan Act of 2020 (the "Plan") was passed by Congress on March 10, 2021 and signed into law by President Biden on March 11, 2021. The Plan includes funding for States

and local governments, including the City, which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential services during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. The City has received $397,845.18 in federal funding from the Plan.

## PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

### Local Bond Law

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

**Debt Limits** – The authorized bonded indebtedness of the City is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the City is set by statute as the average for the last three (3) years of the equalized value of all taxable real property and improvements as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. As shown in Appendix "A", the City has not exceeded its statutory debt limit. The City will not exceed its statutory debt limit with the issuance of the Bonds.

**Exceptions to Debt Limits - Extensions of Credit** – 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 make certain other statutory determinations, approval may be granted.

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

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

third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

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

**Local Fiscal Affairs Law**

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

Each municipality is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six (6) months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

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

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Annual Compiled Financial Statement for the most recent fiscal year ended is on file with the City Clerk and is available for review during business hours.

**Local Budget Law**

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

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

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

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

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

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

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%); (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2011 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

**Miscellaneous Revenues**

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the municipality is subject to local examination.

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

**Real Estate Taxes**

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

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

**Deferral of Current Expenses**

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

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

**Budget Transfers**

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

**Capital Budget**

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

**Related Constitutional and Statutory Provisions**

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

**Rights and Remedies of Owners of Bonds**

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

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

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

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

**Limitation of Remedies Under Federal Bankruptcy Code**

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

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

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

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

## TAX MATTERS

**Exclusion of Interest on Bonds From Gross Income For Federal Tax Purposes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of

the Code. Failure of the City to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The City will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the City with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the City observes its covenants with respect to compliance with the Code, Malamut & Associates, LLC, Bond Counsel to the City, is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax, however, for tax years beginning after December 31, 2022, interest on the Noyes is included in the "adjusted financial statement income" of “applicable corporations” subject to alternative minimum tax under Section 55 of the Code as amended by the Inflation Reduction Act of 2022, P.L. 117-169.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion.

The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about 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 Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note 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 Bonds may be sold at an initial offering price in excess of the amount payable at the respective maturity dates. The excess, if any, of the tax basis of the Bonds to a purchaser (other than a purchaser who holds such Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary

course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Bonds. Accordingly, an owner of the Bonds may have taxable gain from the disposition of the Bonds, even though the Bonds are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Bonds. Bond premium amortizes over the term of the Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Bonds.

**Bank-Qualification**

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

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

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

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code.

Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

**Changes in Federal Tax Law Regarding the Tax-Exempt 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 Tax-Exempt Note. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Note will not have an adverse effect on the tax status of interest on the Tax-Exempt Note or the market value or marketability of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 TAX-EXEMPT NOTE IS BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE TAX-EXEMPT 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 TAX-EXEMPT NOTE SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

## FINANCIAL STATEMENTS

Appendix "B" contains certain unaudited financial information of the City for the fiscal year ended December 31, 2023 and certain audited financial information of the City for the fiscal year ended December 31, 2022 and fiscal year ended December 31, 2021. The audited financial information was extracted from the report prepared by Suplee Clooney & Company, Westfield, New Jersey (the "Auditor") to the extent and for the period set forth in their report appearing in Appendix "B" to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B – FINANCIAL STATEMENTS OF THE CITY".

## LITIGATION

Upon delivery of the Bonds, the City shall furnish a certification of its counsel, William P. Opel, Esq., of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey (the "City Attorney"), dated the date of delivery of the Bonds, to the effect that to their knowledge there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such certification shall state that, to the City Attorney's knowledge and information, there is no litigation of any nature now pending or threatened by or against the City wherein an adverse judgment or ruling could have a material and adverse impact on the City's ability to meet its obligations for the payment of the Bonds.

## SECONDARY MARKET DISCLOSURE

The City, pursuant to the Resolution has covenanted for the benefit of the Bondholders and the beneficial owners of the Bonds 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 Bonds remain outstanding (unless the Bonds have been wholly defeased), the City will:

(a) On or prior to September 30, beginning with September 30, 2024 (for the fiscal year ending December 31, 2023), to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access data port ("EMMA"), annual financial information with respect to the City consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the City and certain financial information and operating data consisting of (i) property tax levies and collections; (ii) assessed value of taxable property; (iii) property tax rates; and (iv) outstanding debt. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB;

(b) Provide or cause to be provided to the MSRB notice of the occurrence of any of the following events within 10 business days of such occurrence with respect to the Bonds:

(1) Principal or interest payment delinquencies on the Bonds.
(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 of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Bonds.
(7) Modifications to the rights of Bondholders, if material.
(8) Bond calls, if material, and tender offers.
(9) Defeasances.
(10) Release, substitution or sale of property securing repayment of the Notes, if material.
(11) Rating changes.
(12) Bankruptcy, insolvency, receivership or similar event of the City.
(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
(15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Notes, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the City, if any such event reflects financial difficulties; and

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For the purposes of paragraphs (15) and (16) above, the term Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii).

(c) in a timely manner to the MSRB, notice of failure of the City to provide required annual financial information on or before the date specified in the Resolution.

In the event that the City fails to comply with the above-described undertaking and covenants, the City shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

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.

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 its operating data for the fiscal year ending December 31, 2019. Additionally, the City previously failed to file a late filing notice in connection with its untimely filings of its operating data, as described above. The City appointed Phoenix Advisors, LLC in March of 2016 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 Bonds. 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 Bonds.

## MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8,

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

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

## APPROVAL OF LEGAL PROCEEDINGS

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## NO DEFAULT

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

## UNDERWRITING

The Bonds have been purchased from the City at a public sale by _____ (the "Bond Underwriter") at a price of $_____ (consisting of the par amount of the Bonds plus a bid premium of $_____). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

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

## RATINGS

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

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The City furnished to the Rating Agency certain information and materials concerning the Bonds and the City. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Bonds.

## MUNICIPAL ADVISOR

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

## PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the purchasers of the Bonds by a certificate signed by various City officials.

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

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

The Municipal Advisor 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.

## CERTIFICATES OF THE CITY

Upon the delivery of the Bonds, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Bonds shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefore, and a certificate dated as of the date of the delivery of the Bonds and signed by the officers who signed the, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds, are issued, and that neither the corporate existence or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.

## ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Christie Ehret, Chief Financial Officer, City of Lambertville, 18 York Street, Lambertville, New Jersey 08530, (609) 397-0110 or to Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, (609) 291-0130.

## MISCELLANEOUS

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

**CITY OF LAMBERTVILLE,**
**COUNTY OF HUNTERDON, NEW JERSEY**

_____
Christie Ehret,
Chief Financial Officer

Dated: March __, 2024

# APPENDIX A

## CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE CITY

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## INFORMATION REGARDING THE CITY[1]

The following material presents certain economic and demographic information of the City of Lambertville (the "City"), in the County of Hunterdon (the "County"), State of New Jersey (the "State").

### General Information

The City of Lambertville in the County of Hunterdon, New Jersey is located approximately ten miles north of the City of Trenton along the Delaware River. The City has a diverse history from its origins as an early farming community. The industrial revolution brought industry to the City in the 1800s and 1900s. The decline of the industrial northeast impacted the City, but since 1980, it has reinvented itself as a community with an active retail base and a stable residential area. Today, Lambertville is known for antique shops, art galleries, restaurants and restored grand houses. Below is a history of the City as prepared by the Lambertville Historical Society.

The land now occupied by the City of Lambertville was originally purchased from the Delaware Indians as a portion of a 150,000 acre tract along the Delaware River north of Trenton. Agents for the council of West Jersey purchased the parcel in 1703 for seven hundred pounds, or about $2,800. The council subdivided and sold the land to farmers and developers over the years. The portion occupied by Lambertville was quickly sold as two lots. The boundary between the two properties was called the "Bull line" and can still be traced on a City property map. The Bull line runs eastward from the river and cuts diagonally between Delevan and Jefferson Streets. It continues across Main Street to the Old York Road, now State Route 179.

### City Administration

The City of Lambertville is organized under Option C of the Optional Municipal Charter Law, as a Small City/Strong Mayor municipality. The Mayor is directly elected for a three year term and serves as the head of the municipal council, together with four council members, who are each directly elected for a three year term at-large.

### 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

[1] Source: The City, unless otherwise indicated.

and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at 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.

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## Employment and Unemployment Comparisons

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

| | Total Labor Force | Employed Labor Force | Total Unemployed | Unemployment Rate |
|---|---|---|---|---|
| ***City*** | | | | |
| 2022 | 2,370 | 2,313 | 57 | 2.4% |
| 2021 | 2,304 | 2,216 | 88 | 3.8% |
| 2020 | 2,274 | 2,149 | 125 | 5.5% |
| 2019 | 2,357 | 2,310 | 47 | 2.0% |
| 2018 | 2,305 | 2,251 | 54 | 2.3% |
| ***County*** | | | | |
| 2022 | 68,083 | 66,102 | 1,981 | 2.9% |
| 2021 | 66,538 | 63,325 | 3,213 | 4.8% |
| 2020 | 65,980 | 61,425 | 4,555 | 6.9% |
| 2019 | 67,447 | 65,656 | 1,791 | 2.7% |
| 2018 | 66,236 | 64,179 | 2,057 | 3.1% |
| ***State*** | | | | |
| 2022 | 4,739,800 | 4,564,100 | 175,700 | 3.7% |
| 2021 | 4,661,100 | 4,365,400 | 295,700 | 6.3% |
| 2020 | 4,642,900 | 4,203,300 | 439,700 | 9.5% |
| 2019 | 4,686,700 | 4,528,200 | 158,500 | 3.4% |
| 2018 | 4,609,800 | 4,426,600 | 183,200 | 4.0% |

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

*[Remainder of Page Intentionally Left Blank]*

## Income (as of 2022)

| | City | County | State |
|---|---|---|---|
| Median Household Income | $102,482 | $133,534 | $97,126 |
| Median Family Income | 152,024 | 161,440 | 119,240 |
| Per Capita Income | 85,160 | 68,112 | 50,995 |

Source: US Bureau of the Census, 2022 American Community Survey 5-Year Estimates

## Population

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

| | City | | County | | State | |
|---|---|---|---|---|---|---|
| Year | Population | % Change | Population | % Change | Population | % Change |
| 2022 est. | 4,154 | 0.36% | 129,777 | 0.64% | 9,261,699 | -0.29% |
| 2020 | 4,139 | 5.97 | 128,947 | 0.47 | 9,288,994 | 5.65 |
| 2010 | 3,906 | 0.98 | 128,349 | 5.21 | 8,791,894 | 4.49 |
| 2000 | 3,868 | -1.50 | 121,989 | 13.19 | 8,414,350 | 8.85 |
| 1990 | 3,927 | -2.89 | 107,776 | 23.37 | 7,730,188 | 4.96 |

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

## Largest Taxpayers

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

| Taxpayers | 2023 Assessed Valuation | % of Total Assessed Valuation |
|---|---|---|
| Houston-MDL/LSRI Holdings LLC | $10,940,800 | 1.26% |
| LV Hotel Property LLC | 4,898,700 | 0.56% |
| LCP C/O Fedway Assoc. | 3,409,000 | 0.39% |
| Individual Property Owner | 3,145,500 | 0.36% |
| Route 12-1 Properties LLC | 3,138,000 | 0.36% |
| Centre Market Place Realty Inc | 3,057,900 | 0.35% |
| Promar Development Co LLC | 3,031,100 | 0.35% |
| Lambertville VLG Realty | 2,714,000 | 0.31% |
| Allied Village Square LLC | 2,671,000 | 0.31% |
| 74 North Main Street LLC | 2,603,800 | 0.30% |
| **Total** | $39,609,800 | 4.55% |

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

## Comparison of Tax Levies and Collections

| Year | Tax Levy | Current Year Collection | Current Year % of Collection |
|---|---|---|---|
| 2023U | $20,437,730 | $20,177,059 | 98.72% |
| 2022 | 19,416,382 | 19,162,179 | 98.69% |
| 2021 | 18,212,878 | 17,967,879 | 98.65% |
| 2020 | 17,667,273 | 17,551,111 | 99.34% |
| 2019 | 16,558,317 | 16,406,506 | 99.08% |

U: Unaudited
Source: Annual Audit Reports of the City

## Delinquent Taxes and Tax Title Liens

| Year | Amount of Tax Title Liens | Amount of Delinquent Tax | Total Delinquent | % of Tax Levy |
|---|---|---|---|---|
| 2023U | $114,149 | $212,359 | $326,507 | 1.60% |
| 2022 | 148,876 | 142,622 | 291,498 | 1.50% |
| 2021 | 136,778 | 140,173 | 276,950 | 1.52% |
| 2020 | 156,970 | 155,875 | 312,845 | 1.77% |
| 2019 | 148,715 | 171,104 | 319,818 | 1.93% |

U: Unaudited
Source: Annual Audit Reports of the City

## Property Acquired by Tax Lien Liquidation

| Year | Amount |
|---|---|
| 2023U | $0 |
| 2022 | 0 |
| 2021 | 0 |
| 2020 | 0 |
| 2019 | 0 |

U: Unaudited
Source: Annual Audit Reports of the City

*[Remainder of Page Intentionally Left Blank]*

## 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.

| Year | Municipal | Municipal Open Space | Municipal Library | Fire District | Regional School | County | Total |
|---|---|---|---|---|---|---|---|
| 2023 | $0.451 | $0.010 | $0.037 | $0.148 | $1.319 | $0.377 | $2.342 |
| 2022 | 0.417 | 0.010 | 0.034 | 0.149 | 1.342 | 0.358 | 2.310 |
| 2021 | 0.375 | 0.010 | 0.034 | 0.151 | 1.345 | 0.353 | 2.268 |
| 2020 | 0.360 | 0.010 | 0.034 | 0.149 | 1.315 | 0.353 | 2.221 |
| 2019 | 0.332 | 0.010 | 0.033 | 0.083 | 1.312 | 0.347 | 2.117 |

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

## Valuation of Property

| Year | Aggregate Assessed Valuation of Real Property | Aggregate True Value of Real Property | Ratio of Assessed to True Value | Assessed Value of Personal Property | Equalized Valuation |
|---|---|---|---|---|---|
| 2023 | $871,158,792 | $1,032,423,314 | 84.38% | $0 | $1,032,423,314 |
| 2022 | 839,618,392 | 954,871,366 | 87.93 | 0 | 954,871,366 |
| 2021 | 802,923,992 | 864,288,474 | 92.90 | 0 | 864,288,474 |
| 2020 | 795,337,992 | 818,922,974 | 97.12 | 0 | 818,922,974 |
| 2019 | 780,281,582 | 807,744,909 | 96.60 | 0 | 777,032,029 |

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.

| Year | Vacant Land | Residential | Farm | Commercial | Industrial | Apartments | Total |
|---|---|---|---|---|---|---|---|
| 2023 | $5,251,983 | $691,773,600 | $469,616 | $131,124,700 | $12,434,000 | $30,104,893 | $871,158,792 |
| 2022 | 5,022,883 | 667,878,100 | 464,616 | 125,843,800 | 12,255,000 | 28,153,993 | 839,618,392 |
| 2021 | 4,245,183 | 638,712,900 | 1,681,016 | 122,353,200 | 11,542,000 | 24,389,693 | 802,923,992 |
| 2020 | 4,544,283 | 631,429,200 | 1,526,416 | 121,350,200 | 11,542,000 | 24,945,893 | 795,337,992 |
| 2019 | 4,440,083 | 619,195,900 | 1,506,006 | 119,082,900 | 11,409,700 | 24,646,993 | 780,281,582 |

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**

| Anticipated Revenues | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Fund Balance Utilized | $445,454 | $400,000 | $292,810 | $250,000 | $250,000 |
| Miscellaneous Revenues | 2,188,989 | 2,516,336 | 2,314,203 | 2,238,899 | 2,773,594 |
| Receipts from Delinquent Taxes | 153,750 | 153,750 | 167,372 | 169,189 | 100,000 |
| Amount to be Raised by Taxation | 2,849,805 | 3,133,230 | 3,277,274 | 3,791,026 | 4,260,131 |
| Total Revenue: | $5,637,998 | $6,203,316 | $6,051,660 | $6,449,114 | $7,383,725 |
| **Appropriations** | | | | | |
| General Appropriations | $3,629,681 | $3,953,984 | $3,946,562 | $4,133,861 | $4,388,636 |
| Operations (Excluded from CAPS) | 303,559 | 414,773 | 397,950 | 405,479 | 806,251 |
| Total Deferred Charges | 7,687 | 0 | 0 | 84,338 | 256,701 |
| Capital Improvement Fund | 17,500 | 18,200 | 24,950 | 95,000 | 51,000 |
| Municipal Debt Service | 1,328,571 | 1,451,359 | 1,443,199 | 1,490,436 | 1,616,136 |
| Reserve for Uncollected Taxes | 351,000 | 365,000 | 239,000 | 240,000 | 265,000 |
| Total Appropriations: | $5,637,998 | $6,203,316 | $6,051,660 | $6,449,114 | $7,383,725 |

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.

**Fund Balance - Current Fund**

| Year | Balance 12/31 | Utilized in Budget of Succeeding Year |
|---|---|---|
| 2023U | $1,533,261 | N/A |
| 2022 | 1,118,667 | 250,000 |
| 2021 | 1,015,528 | 250,000 |
| 2020 | 725,881 | 292,810 |
| 2019 | 845,957 | 400,000 |

U: Unaudited
Source: Annual Audit Reports of the City

## City Indebtedness as of December 31, 2023

| | |
|---|---|
| **General Purpose Debt** | |
| Serial Bonds | $7,015,000 |
| Bond Anticipation Notes | 8,609,132 |
| Bonds and Notes Authorized but Not Issued | 1,653,326 |
| Other Bonds, Notes and Loans | 210,691 |
| Total: | $17,488,148 |
| **Regional School District Debt** | |
| Serial Bonds | $21,369,877 |
| Temporary Notes Issued | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Total: | $21,369,877 |
| **Self-Liquidating Debt** | |
| Serial Bonds | $0 |
| Bond Anticipation Notes | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Other Bonds, Notes and Loans | 0 |
| Total: | $0 |
| **TOTAL GROSS DEBT** | **$38,858,025** |
| Less: Statutory Deductions | |
| General Purpose Debt | $353,899 |
| Regional School District Debt | 21,369,877 |
| Self-Liquidating Debt | 0 |
| Total: | $21,723,776 |
| **TOTAL NET DEBT** | **$17,134,249** |

Source: Annual Debt Statement of the City

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**Overlapping Debt (as of December 31, 2023)[2]**

| Name of Related Entity | Related Entity Debt Outstanding | City Percentage | City Share |
|---|---|---|---|
| Regional School District | $37,822,000 | 56.50% | $21,369,877 |
| County (2022) | 74,164,045 | 3.82% | 2,834,580 |
| Net Indirect Debt | | | $24,204,457 |
| Net Direct Debt | | | 17,134,249 |
| Total Net Direct and Indirect Debt | | | **$41,338,706** |

**Debt Limit**

| | |
|---|---|
| Average Equalized Valuation Basis (2021, 2022, 2023) | $950,527,718 |
| Permitted Debt Limitation (3 1/2%) | 33,268,470 |
| Less: Net Debt | 17,134,249 |
| Remaining Borrowing Power | $16,134,221 |
| Percentage of Net Debt to Average Equalized Valuation | 1.803% |
| | |
| Gross Debt Per Capita based on 2020 population of 4,139 | $9,388 |
| Net Debt Per Capita based on 2020 population of 4,139 | $4,140 |

Source: Annual Debt Statement of the City

**Litigation**

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

[2] City percentage of County debt is based on the City's share of total equalized valuation in the County.

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# APPENDIX B

# FINANCIAL STATEMENTS OF THE CITY

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SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

# INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
City of Lambertville
County of Hunterdon
Lambertville, New Jersey 08530

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

***Opinions***

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" 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 the various individual funds and account group of the City as of December 31, 2022, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2022.

***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

***Matter Giving Rise to Adverse Opinion***

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the City on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with, the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS, Government Auditing Standards, Uniform Guidance and audit requirements prescribed by the Division, we:

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

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

***Prior Period Financial Statements***

The financial statements of the City, as of December 31, 2021, were audited by other auditors whose report dated August 29, 2022 expressed an adverse opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United States of America and an unmodified opinion on those financial statements in accordance with the basis of financial reporting prescribed by the Division.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Warren M. Korecky
Warren M. Korecky, C.P.A., R.M.A.

August 11, 2023

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
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## ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the City Council
City of Lambertville
County of Hunterdon
Lambertville, New Jersey 08530

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2023 Annual Financial Statement (AFS) of the City of Lambertville, County of Hunterdon, New Jersey as of December 31, 2023 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the City of Lambertville. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the City of Lambertville has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City of Lambertville's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Warren M. Korecky
Warren M. Korecky, C.P.A., R.M.A.

January 30, 2024

CITY OF LAMBERTVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| ASSETS | BALANCE DECEMBER 31 2023 (Unaudited) | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2021 |
|---|---|---|---|
| Current Fund: | | | |
| Cash | $ 2,613,852.31 | $ 2,013,121.37 | $ 1,973,481.58 |
| Change Funds | | 300.00 | 300.00 |
| Due State of New Jersey-Senior Citizens and Veterans Deductions | 80.82 | 95.91 | |
| | $ 2,613,933.13 | $ 2,013,517.28 | $ 1,973,781.58 |
| Receivables with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | $ 212,358.83 | $ 142,622.25 | $ 140,172.72 |
| Tax Title Liens Receivable | 114,148.57 | 148,875.69 | 136,777.74 |
| Prepaid School Taxes | | | 0.52 |
| Revenue Accounts Receivable | | 70,233.10 | 20,749.32 |
| Interfunds Receivable | 64,813.16 | 94,468.05 | 27,474.17 |
| | $ 391,320.56 | $ 456,199.09 | $ 325,174.47 |
| Deferred Charges: | | | |
| Special Emergency Authorizations | $ 237,000.00 | $ 816,000.00 | $ 400,338.35 |
| Overexpenditure of Appropriations | | | 8,003.97 |
| | $ 237,000.00 | $ 816,000.00 | $ 408,342.32 |
| | $ 3,242,253.69 | $ 3,285,716.37 | $ 2,707,298.37 |
| Grant Fund: | | | |
| Grants Receivable | $ 1,779,728.39 | $ 923,247.45 | $ 845,133.68 |
| Interfunds Receivable | 194,576.58 | 25,685.93 | 15,040.72 |
| | $ 1,974,304.97 | $ 948,933.38 | $ 860,174.40 |
| | $ 5,216,558.66 | $ 4,234,649.75 | $ 3,567,472.77 |

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

CITY OF LAMBERTVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER 31 2023 (Unaudited) | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2021 |
|---|---|---|---|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Current Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | $ 205,652.28 | $ 130,600.13 | $ 145,310.18 |
| Encumbrances Payable | 77,856.16 | 86,846.06 | 72,714.79 |
| Due State of New Jersey-Senior Citizens and Veterans Deductions | | | 499.16 |
| Tax Overpayments | 2,236.06 | 4,003.77 | 4,210.48 |
| Interfunds Payable | 529,773.32 | 912,732.79 | 719,898.83 |
| Prepaid Taxes | 78,078.47 | 122,706.36 | 170,629.33 |
| County Taxes Payable | 5,664.56 | 3,284.72 | 1,714.41 |
| School Tax Payable | 89,210.93 | 137,438.47 | |
| Reserve for Miscellaneous Deposits | 282,862.42 | 288,892.69 | 250,000.00 |
| Reserve for Grants-Unappropriated | 43,293.82 | 21,651.66 | |
| Due State of New Jersey-Construction Code Official | 3,044.00 | 2,694.00 | 1,638.54 |
| Due State of New Jersey-Registrar Licenses | | | (20.00) |
| | $ 1,317,672.02 | $ 1,710,850.65 | $ 1,366,595.72 |
| Reserve for Receivables | 391,320.56 | 456,199.09 | 325,174.47 |
| Fund Balance | 1,533,261.11 | 1,118,666.63 | 1,015,528.18 |
| | $ 1,924,581.67 | $ 3,285,716.37 | $ 2,707,298.37 |
| Grant Fund: | | | |
| Reserve for Grants-Appropriated | $ 1,959,778.63 | $ 944,509.75 | $ 858,359.40 |
| Reserve for Grants-Unappropriated | 14,526.34 | 4,423.63 | 1,815.00 |
| | $ 1,974,304.97 | $ 948,933.38 | $ 860,174.40 |
| | $ 5,216,558.66 | $ 4,234,649.75 | $ 3,567,472.77 |

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

CITY OF LAMBERTVILLE

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

| REVENUE AND OTHER INCOME | BALANCE DECEMBER 31 2023 (Unaudited) | YEAR ENDED DECEMBER 31, 2022 | YEAR ENDED DECEMBER 31, 2021 |
|---|---|---|---|
| Fund Balance Utilized | $ 250,000.00 | $ 250,000.00 | $ 292,810.26 |
| Miscellaneous Revenues Anticipated | 3,920,397.18 | 2,605,797.80 | 2,644,046.94 |
| Receipts from Delinquent Taxes | 196,402.82 | 140,172.72 | 191,264.60 |
| Receipts from Current Taxes | 20,177,059.32 | 19,162,178.68 | 17,967,878.90 |
| Non-Budget Revenues | 130,945.43 | 109,810.53 | 62,196.25 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserve | 131,207.62 | 86,612.07 | 179,666.21 |
| Interfunds Returned & Other | 29,654.89 | 249.16 | |
| Prepaid School Taxes | | 0.52 | |
| Total Income | $ 24,835,667.26 | $ 22,354,821.48 | $ 21,337,863.16 |
| **EXPENDITURES** | | | |
| Budget and Emergency Appropriations: | | | |
| within "CAPS": | | | |
| Operations including Contingent | $ 4,717,678.00 | $ 4,073,377.93 | $ 3,414,070.85 |
| Deferred Charges and Statutory Expenditures - Municipal | 566,186.27 | 558,482.88 | 532,490.91 |
| Excluded from "CAPS" | | | |
| Operations | 806,251.46 | 548,027.94 | 409,649.65 |
| Capital Improvement Fund | 51,000.00 | 95,000.00 | 24,950.00 |
| Municipal Debt Service | 1,616,130.00 | 1,483,612.32 | 1,443,198.50 |
| Deferred Charges and Judgments | 256,701.34 | 84,338.35 | |
| County Tax | 3,288,596.87 | 2,998,351.50 | 2,834,123.16 |
| County Tax for Added and Omitted Taxes | 5,664.56 | 3,284.72 | 2,530.91 |
| Regional School Tax | 11,486,947.00 | 11,262,769.00 | 10,797,197.00 |
| Fire District Tax | 1,288,651.00 | 1,243,140.00 | 1,212,035.00 |
| Municipal Open Space Tax | 87,266.28 | 84,054.51 | 56,000.00 |
| Interfund Advances | | 66,993.88 | 38,302.38 |
| Refund of Prior Years Revenues | | 250.00 | |
| Total Expenditures | $ 24,171,072.78 | $ 22,501,683.03 | $ 20,764,548.36 |
| Excess (Deficit) in Revenue | $ 664,594.48 | $ (146,861.55) | $ 573,314.80 |
| Adjustments to Income Before Fund Balance: | | | |
| Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year | | 500,000.00 | |
| Statutory Excess to Fund Balance | $ 664,594.48 | $ 353,138.45 | $ 573,314.80 |
| Fund Balance | | | |
| Balance, January 1 | 1,118,666.63 | 1,015,528.18 | 735,023.64 |
| | $ 1,783,261.11 | $ 1,368,666.63 | $ 1,308,338.44 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | 250,000.00 | 250,000.00 | 292,810.26 |
| Balance, December 31 | $ 1,533,261.11 | $ 1,118,666.63 | $ 1,015,528.18 |

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

CITY OF LAMBERTVILLE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER 31,2023 (Unaudited) | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Animal Control Trust Fund: | | | |
| Cash | $ 12,557.45 | $ 8,120.21 | $ 4,289.47 |
| | $ 12,557.45 | $ 8,120.21 | $ 4,289.47 |
| Other Funds: | | | |
| Cash | $ 1,687,117.81 | $ 1,568,725.72 | $ 1,312,957.82 |
| Accounts Receivable | | | 25.00 |
| Due Current Fund | | | 12,313.52 |
| | $ 1,687,117.81 | $ 1,568,725.72 | $ 1,325,296.34 |
| | $ 1,699,675.26 | $ 1,576,845.93 | $ 1,329,585.81 |
| **LIABILITIES, RESERVES AND FUND BALANCES** | | | |
| Animal Control Trust Fund: | | | |
| Due Current Fund | $ 3,941.78 | $ 35.81 | $ 9.37 |
| Encumbrances Payable | | 139.03 | 236.00 |
| Reserve for Animal Control Trust Fund Expenditures | 8,615.67 | 7,945.37 | 4,044.10 |
| | $ 12,557.45 | $ 8,120.21 | $ 4,289.47 |
| Other Funds: | | | |
| Due Current Fund | $ 60,871.38 | $ 94,432.24 | $ |
| Reserve For: | | | |
| Encumbrances | 13,652.76 | 6,350.00 | |
| Various Reserves and Deposits | 170,364.94 | 124,849.19 | 103,688.38 |
| Performance Deposits | 232,128.45 | 267,076.49 | 214,688.86 |
| CDBG Rehabilitation Loan Repayment | 638,451.81 | 390,550.96 | 312,978.15 |
| Payroll Agency | 26,282.16 | 26,235.06 | 20,273.13 |
| C.O.A.H. | 208,120.87 | 136,857.54 | 97,001.88 |
| State Unemployment Insurance | 42,570.11 | 71,772.28 | 67,235.21 |
| Tax Sale Premiums | 160,000.00 | 238,100.00 | 287,477.72 |
| Municipal Open Space | 30,342.49 | 33,489.12 | 51,772.03 |
| CDBG Rehabilitation Loan Repayment - Brewery | 100,840.91 | 100,846.91 | 100,540.68 |
| Other Federal Programs | 3,491.82 | 78,165.82 | 69,649.01 |
| UDAG | | | (8.82) |
| Fund Balance | 0.11 | 0.11 | 0.11 |
| | $ 1,687,117.81 | $ 1,568,725.72 | $ 1,325,296.34 |
| | $ 1,699,675.26 | $ 1,576,845.93 | $ 1,329,585.81 |

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

CITY OF LAMBERTVILLE

GENERAL CAPITAL FUND

BALANCE SHEET - REGULATORY BASIS

| | BALANCE DECEMBER 31,2023 (Unaudited) | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2021 |
|---|---|---|---|
| ASSETS | | | |
| Cash | $ 1,295,508.64 | $ 726,876.58 | $ 935,330.20 |
| Deferred Charges to Future Taxation: | | | |
| Funded | 7,225,690.50 | 8,329,160.05 | 9,412,364.19 |
| Unfunded | 9,895,025.53 | 9,157,859.21 | 7,192,957.21 |
| Grants Receivable | 86,800.00 | 1,536,087.50 | 199,950.00 |
| Interfunds Receivable | 303,867.26 | 887,046.86 | 665,079.79 |
| | $ 18,806,891.93 | $ 20,637,030.20 | $ 18,405,681.39 |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Bond Anticipation Notes | $ 8,609,132.00 | $ 8,700,652.00 | $ 6,245,000.00 |
| Serial Bonds | 7,015,000.00 | 8,105,000.00 | 9,175,000.00 |
| Green Acres Loans | 210,690.50 | 224,160.05 | 237,364.19 |
| Improvement Authorizations: | | | |
| Funded | | 48,950.12 | 146,452.80 |
| Unfunded | 2,206,958.90 | 1,670,063.47 | 1,955,692.79 |
| Capital Improvement Fund | 33,879.24 | 23,872.24 | 19,352.24 |
| Reserve For: | | | |
| Contracts Payable | 401,388.96 | 1,294,879.68 | 247,918.72 |
| Miscellaneous Deposits | 141,751.30 | 391,751.30 | 201,199.31 |
| Fund Balance | 188,091.03 | 177,701.34 | 177,701.34 |
| | $ 18,806,891.93 | $ 20,637,030.20 | $ 18,405,681.39 |

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

CITY OF LAMBERTVILLE

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER 31, 2023 (Unaudited) | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash | | | |
| Public Assistance Trust Fund II | $ 76,278.71 | $ 33,040.00 | $ 106,536.66 |
| Emergency Fund | | 102,894.74 | 2,807.91 |
| | $ 76,278.71 | $ 135,934.74 | $ 109,344.57 |
| **LIABILITIES AND RESERVES** | | | |
| Reserve for: | | | |
| Public Assistance Trust Fund II | $ 76,278.71 | $ 105,840.00 | $ 106,536.66 |
| Emergency Fund | | 30,094.74 | 2,807.91 |
| | $ 76,278.61 | $ 135,934.74 | $ 109,344.57 |

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The City of Lambertville is an instrumentality of the State of New Jersey, established to function as a municipality. The City Council consists of elected officials and is responsible for the fiscal control of the City.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are 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 organizations; 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. Except as noted below, the financial statements of the City of Lambertville include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City of Lambertville, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City of Lambertville do not include the operations of the municipal library, fire district or the Board of Education, inasmuch as their activities are administered by separate boards.

### B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the City of Lambertville 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 respect to public funds. Under this method of accounting, the financial transactions and accounts of the City of Lambertville are organized on the basis of funds and an account group which is different from the fund structure required by GAAP.

A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the City accounts for its financial transactions through the following individual funds and account group:

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

Trust Fund - 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 capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the City pursuant to Title 44 of New Jersey statutes

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other 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 government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenues 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; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the City, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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 and constitute part of the City's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended 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 and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the City as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of $1,000.00 or more per unit. 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.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The City has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared internally. Adjustments for assets acquired/sold subsequent to this date have been recorded. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the City's most recent property revaluation.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Accounting and Financial Reporting for Pensions

Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

The New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2022, was not available for PFRS, therefore the information dated June 30, 2021, is disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2022, was not available, therefore the information dated June 30, 2021, is disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Compensated Absences - The City has adopted written policies through employee contract and municipal ordinances which set forth the terms under which an employee may accumulate earned, but not used, vacation and sick leave. The City records expenditures for payment of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available resources, and that expenditures be recorded in the enterprise fund on an accrual basis.

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right –to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be held in accordance with GAAP. The City presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The City considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.00.

The City of Lambertville had the following cash and cash equivalents at December 31, 2022:

| Fund | Bank Balance | Reconciling Items Additions | Reconciling Items Deletions | Reconciled Balance |
|---|---|---|---|---|
| Current Fund | $1,992,634.56 | $56,715.99 | $35,929.18 | $2,013,421.37 |
| Animal Control Fund | 8,120.21 | | | 8,120.21 |
| Other Trust Fund | 1,583,567.51 | 838.15 | 15,679.94 | 1,568,725.72 |
| General Capital Fund | 763,824.58 | | 36,948.00 | 726,876.58 |
| Public Assistance Trust Fund | 135,934.74 | | | 135,934.74 |
| TOTAL DECEMBER 31, 2022 | $4,484,081.60 | $57,554.14 | $88,557.12 | $4,453,078.62 |

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The City does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. Of the cash on deposit in the bank at December 31, 2022, $250,000.00 was covered by Federal Depository Insurance and $4,234,081.60 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the City is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (c.52:18A-90.4); or

8. Agreements for the repurchase of fully collateralized securities if:

   a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;

   b. the custody of collateral is transferred to a third party;

   c. the maturity of the agreement is not more than 30 days;

   d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c. 17:19-41); and

   e. a master repurchase agreement providing for the custody and security of collateral is executed.

The City of Lambertville's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the City are general obligation bonds, based by the full faith and credit of the City.

SUMMARY OF MUNICIPAL DEBT

| | YEAR 2022 | YEAR 2021 | YEAR 2020 |
|---|---|---|---|
| Issued: | | | |
| General: | | | |
| Bonds, Loans and Notes | $17,029,812.05 | $15,657,364.19 | $12,455,308.16 |
| Less: Funds Temporarily Held to Pay Bonds and Notes - General Capital | 387,788.80 | 201,199.31 | 597,236.81 |
| Net Debt Issued | $16,642,023.25 | $15,456,164.88 | $11,858,071.35 |
| Authorized But Not Issued: | | | |
| General - Bonds and Notes | 457,207.21 | 947,957.21 | 966,650.42 |
| Bonds and Notes Issued and Authorized But Not Issued | $17,099,230.46 | $16,404,122.09 | $12,824,721.77 |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SUMMARY OF REGULATORY 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 regulatory net debt percentage of 1.944%.

| | GROSS DEBT | DEDUCTION | NET DEBT |
|---|---|---|---|
| Regional School District Debt | $22,120,384.29 | $22,120,384.29 | |
| General Debt | 17,487,019.26 | 387,788.80 | $17,099,230.46 |
| | $39,607,403.55 | $22,508,173.09 | $17,099,230.46 |

NET DEBT $17,099,230.46 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, $879,360,938.00 EQUALS 1.944%.

EQUALIZED VALUATION BASIS

| | |
|---|---|
| 2020 Equalized Valuation Basis of Real Property | $ 818,922,974.00 |
| 2021 Equalized Valuation Basis of Real Property | 864,288,474.00 |
| 2022 Equalized Valuation Basis of Real Property | 954,871,366.00 |
| | $ 879,360,938.00 |

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

| | |
|---|---|
| Equalized Valuation Basis* - December 31, 2022 | $879,360,938.00 |
| 3 1/2% of Equalized Valuation Basis | $30,777,632.83 |
| Net Debt | 17,099,230.46 |
| Remaining Borrowing Power | $13,678,402.37 |

*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the City for the last three (3) preceding years.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

LONG-TERM DEBT

GENERAL CAPITAL FUND

General Serial Bonds:

| | | |
|---|---|---|
| $2,425,000.00 of 2003 General Improvement Bonds due in annual installments of $65,000.00 to $200,000.00 through August 2024 at variable interest rates of 3.00% to 4.00%. | $ | 400,000.00 |
| $3,335,000.00 of 2010 General Improvement Bonds due in annual installments of $150,000.00 to $300,000.00 through March 2024 at variable interest rates of 2.00% to 4.00%. | | 600,000.00 |
| $4,365,000.00 of 2014 General Improvement Bonds due in annual installments of $150,000.00 to $815,000.00 through March 2033 at variable interest rates of 3.00% to 4.00%. | | 2,895,000.00 |
| $5,385,000.00 of 2018 General Improvement Bonds due in annual installments of $195,000.00 to $385,000.00 through March 2033 at variable interest rates of 3.00% to 5.00%. | | 4,210,000.00 |
| | $ | 8,105,000.00 |

**Green Acres Trust Loans:**

| | | |
|---|---|---|
| $220,000.00 of 2017 Green Acres Trust Loan due in semi-annual installments of $4,640.15 to $6,772.43 through March 2037 at an interest rate of 2.0%. | $ | 171,453.76 |
| $67,629.79 of 2017 Green Acres Trust Loan due in semi-annual installments of $1,426.42 to $2,081.90 through March 2037 at an interest rate of 2.0%. | | 52,706.29 |
| | $ | 224,160.05 |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2022, the City has authorized but not issued bonds and notes as follows:

| | |
|---|---|
| General Capital Fund | $457,207.21 |

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2022

General Capital

| CALENDAR YEAR | PRINCIPAL | INTEREST | TOTAL |
|---|---|---|---|
| 2023 | 1,090,000.00 | 263,687.50 | 1,353,687.50 |
| 2024 | 1,115,000.00 | 217,712.50 | 1,332,712.50 |
| 2025 | 630,000.00 | 177,687.50 | 807,687.50 |
| 2026 | 635,000.00 | 154,862.50 | 789,862.50 |
| 2027 | 650,000.00 | 135,256.25 | 785,256.25 |
| 2028 | 660,000.00 | 114,931.25 | 774,931.25 |
| 2029 | 660,000.00 | 94,443.75 | 754,443.75 |
| 2030 | 660,000.00 | 73,956.25 | 733,956.25 |
| 2031 | 660,000.00 | 53,468.75 | 713,468.75 |
| 2032 | 660,000.00 | 32,637.50 | 692,637.50 |
| 2033 | 685,000.00 | 11,025.00 | 696,025.00 |
| TOTAL | $8,105,000.00 | $1,329,668.75 | $9,434,668.75 |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR GREEN ACRES
TRUST LOAN AS OF DECEMBER 31, 2022

| CALENDAR YEAR | PRINCIPAL | INTEREST | TOTAL |
|---|---|---|---|
| 2023 | 13,469.55 | 4,416.19 | 17,885.74 |
| 2024 | 13,740.29 | 4,145.45 | 17,885.74 |
| 2025 | 14,016.46 | 3,869.27 | 17,885.73 |
| 2026 | 14,298.20 | 3,587.54 | 17,885.74 |
| 2027 | 14,585.59 | 3,300.15 | 17,885.74 |
| 2028 | 14,878.76 | 3,006.97 | 17,885.73 |
| 2029 | 15,177.83 | 2,707.91 | 17,885.74 |
| 2030 | 15,482.91 | 2,402.83 | 17,885.74 |
| 2031 | 15,794.11 | 2,091.63 | 17,885.74 |
| 2032 | 16,111.57 | 1,774.16 | 17,885.73 |
| 2033 | 16,435.40 | 1,450.33 | 17,885.73 |
| 2034 | 16,765.76 | 1,119.97 | 17,885.73 |
| 2035 | 17,102.75 | 782.98 | 17,885.73 |
| 2036 | 17,446.52 | 439.22 | 17,885.74 |
| 2037 | 8,854.33 | 88.54 | 8,942.87 |
| | $ 224,160.05 | $ 35,183.16 | $ 259,343.17 |

SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

(1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;

(2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and

(3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT-TERM DEBT (CONTINUED)

There were outstanding Bond Anticipation Notes at December 31, 2022.

Outstanding Bond Anticipation Notes are summarized as follows:

| | Rate | Issue Date | Due Date | Amount |
|---|---|---|---|---|
| General Capital | 1.75% | 04/14/2022 | 04/14/2023 | $6,177,882.00 |
| General Capital | 3.50% | 10/11/2022 | 04/14/2023 | 2,522,770.00 |
| | | | | $8,700,652.00 |

In accordance with N.J.S.A. 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the City may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6%. The City did not have any Tax Anticipation Notes in 2022.

NOTE 4: FUND BALANCES APPROPRIATED

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

| | |
|---|---|
| Current Fund | $250,000.00 |

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The City bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. City property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the City's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

| | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2021 |
|---|---|---|
| Prepaid Taxes | $122,706.36 | $170,629.33 |

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports 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/annrprts.shtml.

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) 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. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) 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.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2022, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires 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. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2022, the State contributed an amount less than the actuarially determined amount. During 2022, PFRS provides for employee contributions of 10.00% of employees' base salary.

The City's share of pension costs, which is based upon the annual billings received from the State, amounted to:

| YEAR | PERS | PFRS |
|---|---|---|
| 2022 | $ 111,149.00 | $ 268,010.00 |
| 2021 | 136,951.00 | 228,920.00 |
| 2020 | 128,320.00 | 205,258.00 |

All contributions were equal to the required contributions for each of the three years, respectively.

The City's share for DCRP amounted to $0 for 2022, 2021 and 2020 as no employees were enrolled in DCRP.

Certain City employees are also covered by Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2022.

Public Employees Retirement System (PERS)

At June 30, 2022, the State reported a net pension liability of $1,556,351.00 for the City 's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.0103128507 percent, which was an increase of 0.0012234881 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of $146,333.00 for the City's proportionate share of the total pension expense. The pension expense recognized in the City's financial statements based on the April 1, 2022 billing was $106,447.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

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

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 11,233.00 | $ 9,906.00 |
| Changes of assumptions | 4,822.00 | 233,047.00 |
| Net difference between projected and actual earnings on pension plan investments | 64,416.00 | |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 211,928.00 | 242,156.00 |
| | $ 292,399.00 | $ 485,109.00 |

Other local amounts reported by the State as the City's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2023 | ($139,547.60) |
| 2024 | (74,060.60) |
| 2025 | (39,215.60) |
| 2026 | 66,317.40 |
| 2027 | (6,203.60) |
| | ($192,710.00) |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

| | |
|---|---|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | |
| Through 2026 | 2.75-6.55% Based on Years of Service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 assets class included in PERS's target assets allocation as of June 30, 2022 asset are summarized in the following table:

| Assets Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| US Equity | 27.00% | 8.12% |
| Non-U.S. Developed Market Equity | 13.50% | 8.38% |
| Emerging Market Equity | 5.50% | 10.33% |
| Private Equity | 13.00% | 11.80% |
| Real Estate | 8.00% | 11.19% |
| Real Assets | 3.00% | 7.60% |
| High Yield | 4.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Investment Grade Credit | 7.00% | 3.38% |
| Cash Equivalents | 4.00% | 1.75% |
| U.S. Treasury's | 4.00% | 1.75% |
| Risk Mitigation Strategies | 3.00% | 4.91% |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the City's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the City's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2022 | | |
|---|---|---|---|
| | 1% Decrease 6.00% | At Current Discount Rate 7.00% | 1% Increase 8.00% |
| City's proportionate share of the pension liability | $1,999,455.00 | $1,556,351.00 | $1,179,252.00 |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the City under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the City related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the City as of December 31, 2022 was 0.0103540522%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2022 was $3,275.00.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2022, for PFRS was not available, therefore the information dated June 30, 2021 is disclosed.

At June 30, 2021, the State reported a net pension liability of $1,617,382.00 for the City's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the City's proportion was 0.0221281800 percent, which was an increase of 0.0025258068 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State recognized an actuarially determined pension benefit of $147,602.00. The pension expense recognized in the City's financial statements based on the April 1, 2021 billing was $218,992.00.

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 18,452.00 | $ 193,746.00 |
| Changes of assumptions | 8,606.00 | 484,722.00 |
| Net difference between projected and actual earnings on pension plan investments | | 689,219.00 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 389,809.00 | 19,857.00 |
| | $ 416,867.00 | $ 1,387,544.00 |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | | Amount |
|---|---|---|
| 2022 | $ | (355,195.60) |
| 2023 | | (248,175.60) |
| 2024 | | (202,450.60) |
| 2025 | | (198,613.60) |
| 2026 | | 39,604.40 |
| Thereafter | | (5,846.00) |
| | $ | (970,677.00) |

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

| | June 30, 2021 |
|---|---|
| Inflation: | |
| Price | 2.75% |
| Salary Increases | |
| Through all future years | 3.25-15.25% Based on Years of Service |
| Investment Rate of Return | 7.00% |

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2021 and June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2021 are summarized in the following table:

| Assets Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| US Equity | 27.00% | 8.09% |
| Non-U.S. Developed Market Equity | 13.50% | 8.71% |
| Emerging Market Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Assets | 3.00% | 9.15% |
| Real Estate | 8.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasury's | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2021 and June 30, 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of 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 of the participating employers as of June 30, 2021 respectively, calculated using the discount rate as disclosed above as well as what the City's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2021 | | |
|---|---|---|---|
| | 1% Decrease 6.00% | At Current Discount Rate 7.00% | 1% Increase 8.00% |
| City's proportionate share of the PFRS pension liability | $2,455,944.00 | $1,617,382.00 | $919,370.00 |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the City under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the City as of December 31, 2021 and 2020 is 0.0221282696% and 0.0196023732% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2021 and 2020 was $39,516.00 and $30,248.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2021 and 2020 was $50,661.00 and $44,549.00, respectively.

At June 30, 2021 and 2020, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is $454,888.00 and $393,92.00, respectively.

At June 30, 2021, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|---|---|
| City's Proportionate Share of Net Pension Liability | $1,617,382.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the City | 454,888.00 |
| | $2,072,270.00 |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the City is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

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

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Contributions

The City's contributions to SHBP for the years ended November 30, 2021, 2020 and 2019 were $182,490.27, $147,573.22, and $142,738.63 respectively, which equaled the required contributions for each year.

Total Net OPEB Liability

At June 30, 2021, the Plan reported a Liability of $7,674,027.00 for the City's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The City's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021.

At June 30, 2021, the City's proportion was 0.042634 percent, which was an increase of 0.000407 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State reported OPEB benefit of $104,906.00. This OPEB benefit was based on the OPEB plans June 30, 2021 measurement date.

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between expected and actual experience | $172,196 | $1,605,520 |
| Changes of assumptions | 1,103,932 | 1,356,474 |
| Net difference between projected and actual earnings on OPEB plan investments | 3,669 | - |
| Changes in proportion | 660,659 | 1,349,448 |
| | $1,940,456 | $4,311,442 |

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the City's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2022 | ($595,968) |
| 2023 | (596,571) |
| 2024 | (597,122) |
| 2025 | (465,791) |
| 2026 | (192,903) |
| Total Thereafter | 77,368 |
| | ($2,370,986) |

Actuarial Assumptions and Other Inputs

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: | |
| Public Employees Retirement System (PERS): | |
| Initial fiscal year applied | |
| Rate through 2026 | 2.00% to 6.00% |
| Rate thereafter | 3.00% to 7.00% |
| Police and Firemen's Retirement System (PFRS): | |
| Rate for all future years | 3.25% to 15.25% |

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

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

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

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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 the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the City's as of June 30, 2021, 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:

| | June 30, 2021 | | |
|---|---|---|---|
| | 1.00% Decrease (1.16%) | At Discount Rate (2.16%) | 1.00% Increase (3.16%) |
| City's proportionate share of the Net OPEB Liability | $9,030,857 | $7,674,027 | $6,598,709 |

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the City's as of June 30, 2021, 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:

| | June 30, 2021 | | |
|---|---|---|---|
| | 1.00% Decrease | Healthcare Cost Trend Rate | 1.00% Increase |
| City's proportionate share of the Net OPEB Liability | $6,402,723 | $7,674,027 | $9,332,921 |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions

NOTE 8: COMPENSATED ABSENCES

The City has permitted contractual employees to accrue unused sick pay, which may be taken as time off, or paid upon retirement, up to a maximum payment of $20,000.00 and for officers hired after September 1, 1999 a maximum payment of $15,000.00. For non-contractual employees hired prior to January 1, 1996 the maximum payment is $15,000.00. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements but is estimated to be material. The City annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2022.

NOTE 9: LITIGATION

The City Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the City's insurance carrier or would have a material financial impact on the City.

NOTE 10: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2022. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51

NOTE 11: CONTINGENT LIABILITIES

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II of the 2022 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2022, the City does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City maintains commercial insurance coverage through the Mid Jersey Joint Insurance Fund covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

| Fiscal Year | Interest Earned | Employee Contributions | Amount Reimbursed | Ending Balance |
|---|---|---|---|---|
| 2022 | $ 208.38 | $ 4,988.07 | $ 659.38 | $ 71,772.28 |
| 2021 | | 3,981.92 | 1,102.74 | 67,235.21 |
| 2020 | | 4,055.19 | 846.54 | 64,356.03 |

NOTE 13: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salaries until future years. The City does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

The City has engaged a private contractor to administer the plan.

The accompanying financial statements do not include the City's Deferred Compensation Plan activities.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheets at December 31, 2022:

| FUND | INTERFUND RECEIVABLE | INTERFUND PAYABLE |
|---|---|---|
| Current | $94,468.05 | $912,732.79 |
| Grant | 25,685.93 | |
| Animal Control Trust | | 35.81 |
| Trust Other | | 94,432.24 |
| General Capital | 887,046.86 | |
| | $1,007,200.84 | $1,007,200.84 |

All balances resulted from the time lag between the dates that payments between funds are made and will be liquidated within one year.

NOTE 15: FIXED ASSETS

Below is a summary of the General Fixes Assets Account Group for the year ended December 31, 2022:

| | Balance December 31, 2021 | Additions | Deletions | Balance December 31, 2022 |
|---|---|---|---|---|
| Land | $ 4,289,000.00 | $ 1,978,100.00 | $ | $ 6,267,100.00 |
| Buildings | 3,735,500.00 | 447,000.00 | | 4,182,500.00 |
| Machinery and Equipment | 2,507,726.28 | 378,164.84 | 255,772.50 | 2,630,118.62 |
| | $ 10,532,226.28 | $ 2,803,264.84 | $ 255,772.50 | $ 13,079,718.62 |

NOTE 16: DEFFERED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022 the following deferred charges are shown on the balance sheets of the various funds

| | BALANCE DECEMBER 31, 2022 | 2023 BUDGET APPROPRIATION | BALANCE TO SUCCEEDING BUDGETS |
|---|---|---|---|
| Current: | | | |
| Special Emergency Authorization N.J.S.A. 40A:4-53 | | | |
| Operating Deficit | $316,000.00 | $79,000.00 | $237,000.00 |
| Hurricane IDA | $500,000.00 | ** | |

** Funded by Capital Ordinance in 2023

NOTE 17: SUBSEQUENT EVENTS

The City has evaluated subsequent events occurring after the financial statement date through August 11, 2023 which is the date the financial statements were available to be issued. Based upon this evaluation, the City has determined that there are no subsequent events that need to be disclosed.

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# APPENDIX C

# FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

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April __, 2024

Mayor and City Council
City of Lambertville, in the
County of Hunterdon, New Jersey

Re: City of Lambertville, in the County of Hunterdon, New Jersey
$8,352,000* General Obligation Bonds.

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the $8,352,000* General Obligation Bonds (the "Bonds") by the City of Lambertville (the "City") in the County of Burlington, New Jersey (the "County").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Resolution 50-2024 adopted by the City Council on March 7, 2024 (the "Authorizing Resolution") and (iii) the bond ordinances set forth in the Authorizing Resolution (the "Bond Ordinances").

The Bonds are dated April 11, 2024, and mature on March 1 in each of the years and in the respective principal amounts as set forth on the inside cover of an Official Statement dated March 21, 2024 related to the Bonds, and bear interest at the respective interest rates per annum set forth in the Official Statement, payable semi-annually thereafter on March 1 and September 1 in each year until maturity, commencing on March 1, 2025.

The principal amounts of the Bonds are subject to optional redemption and prepayment prior to their respective maturity and principal payment dates as set forth therein.

Proceeds from the sale and issuance of the Bonds, along with other available funds of the City in the amount $1,261,145.95, will be used by the City to: (i) refund, on a current basis, a $7,347,986.05 aggregate portion of the bond anticipation notes of the City originally issued in the aggregate principal amount of $8,609,132.00, dated April 13, 2023 and maturing April 12, 2024 (the "Prior Notes"); (ii) provide funds to permanently finance $1,004,013.95 of various capital improvements in and by the City; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the proceedings of the City Council in connection with the adoption of the Ordinances and the Authorizing Resolution, and the other certifications, instruments, documents and opinions prepared in connection with the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the City enforceable in accordance with their terms.

2. The power and obligation of the City to pay the Bonds is unlimited, and, if not paid from other sources, the City is required to levy ad valorem taxes upon all the taxable property within the City for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the City continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the City in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"), however, for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of "applicable corporations" subject to alternative minimum tax under Section 55 of the Code as amended by the Inflation Reduction Act of 2022, P.L. 117-169. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

4. The Bonds will be treated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds. This opinion is given as of the date hereof and we assume no obligation to update or supplement the opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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