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June 25, 2025

Mr. Christopher Jensen, CPA
Audit Director
Office of the State Comptroller
P.O. 024
Trenton, NJ 08625-0024

Dear Mr. Jensen:

Please allow this letter to serve as the City of Atlantic City's ("COAC") formal response to the draft audit division report titled, "A Performance Audit of Lifeguard Pension Program City of Atlantic City" received on June 11, 2025. While we understand the findings enumerated in the report, we would like to reframe some of the points.

First, the audit found that the City inconsistently applied the required four percent pension deduction to total lifeguard wages as required by N.J.S.A. 43:13-27(a), which cost the City approximately \$25,400. The definitions section of the Lifeguard Pension Law does not expressly state that payments made through settlement agreements or stipends are considered in the 'year's salary'. The definition states, "a year's salary means the salary a lifeguard receives during the time of his normal employment in any calendar year". The compensation provided to the lifeguards by the American Rescue Place Act of 2021 were stipends. The COAC classified the payments as stipends because they were one-time payments, that did not go into the base salary. As such the 4% contributions were not deducted from them.

The COAC has written a policy and procedures manual, and plans to implement them moving forward to ensure we are in compliance with the Lifeguard Pension Law. See Attachment A (policy) and B (enrollment form).

Second, the COAC will implement the attached policy regarding eligibility and will conduct annual training for the Pension Commission, Human Resources, and the Payroll department. Moving forward, the retirement application will have to be approved by Human Resources who will confirm that the years in service and age requirements are met. While Payroll

will confirm the wages and days worked. The retirement application along with backup documentation will be forwarded to the Pension Commission. The backup documentation must include the employee payroll summary for each year of service. This multidepartment approach will provide an oversight of the retirement process. See Attachment C (retirement application).


Third, the Mayor will appoint a fourth member to the Pension Commission. All four members will be memorialized by the advice and consent of the City Council at the July council meeting.

Fourth, the COAC will continue to seek actuarial services. See Attachment D (email regarding procurement attempt).

Fifth, the Deputy Chief of Beach Patrol currently tracks the wages and days worked for each lifeguard. This document will be shared with Payroll and audited annually moving forward. See Attachment E (audit excel sheet).

Lastly, we are available to discuss further if needed. Thank you for your consideration.

Sincerely,



Rashanna Butler, Esq.
Deputy Solicitor