

SUPPLEMENT
Dated July 28, 2020
TO
PRELIMINARY OFFICIAL STATEMENT
Dated July 23, 2020

IN CONNECTION WITH

\$13,288,000
BOROUGH OF BELLMAWR
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$6,843,000 General Improvement Bonds
\$6,445,000 Water Utility Bonds
(Book-Entry-Only) (Callable)

Set forth below is certain additional and clarifying information that should be considered in connection with the Preliminary Official Statement, dated July 23, 2020 ("Preliminary Official Statement"), pertaining to the above-captioned bonds ("Bonds"). It currently is anticipated that the date of delivery of the Bonds will be on or about August 13, 2020. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Preliminary Official Statement.

Under the heading "**CONTINUING DISCLOSURE**", the existing language is hereby amended and restated to read as follows:

"In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, the Borough will, prior to the issuance of the Bonds, enter into an agreement substantially in the form set forth in Appendix "D" hereto.

During the previous five years, the Borough failed to timely file its 2018 audited financial statements on EMMA. The Borough has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey to act as dissemination agent ("Dissemination Agent") to assist in the filing of certain information on EMMA as required with respect to the Bonds and future obligations.

The foregoing description of instances of non-compliance by the Borough with its continuing disclosure obligations should not be construed as an acknowledgement by the Borough that any such instances were material. The Borough has retained the Dissemination Agent to ensure future timely filings."

Except as amended by this Supplement, the Preliminary Official Statement shall remain in full force and effect as to the matters set forth therein. The information in this Supplement is subject in all respects to more complete information in the Preliminary Official Statement, to the extent that such information is not otherwise amended or supplemented hereby.

This Supplement is submitted in connection with the issuance of the Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statement made or incorporated in this Supplement involving matters of opinion or estimates, whether or not expressly so stated are set forth as such and not as representations of fact. This Supplement is not to be construed as a contract or agreement between the Borough and the purchasers or owners of any of the Bonds.

BOROUGH OF BELLMAWR, NEW JERSEY

**By: /s/ Maria A. Fasulo
MARIA A. FASULO, Chief Financial Officer**

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the Borough within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 23, 2020

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds (each as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed.

\$13,288,000
BOROUGH OF BELLMAWR
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$6,843,000 General Improvement Bonds
\$6,445,000 Water Utility Bonds
(Callable)

Dated: Date of Delivery

Due: July 15, as shown on inside front cover

The Borough of Bellmawr, County of Camden, New Jersey ("Borough") is issuing \$13,288,000 aggregate principal amount of General Obligation Bonds, Series 2020 ("Bonds"). The Bonds consist of: (i) \$6,843,000 General Improvement Bonds; and (ii) \$6,445,000 Water Utility Bonds. The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Borough, as paying agent. Interest on the Bonds is payable semi-annually on January 15 and July 15 ("Interest Payment Dates"), commencing January 15, 2021, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

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 05:13-20 and 05:14-20, each duly and finally adopted by Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Borough Council on July 23, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July __, 2020.

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of a portion of the principal of certain bond anticipation notes previously issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough without limitation as to rate or amount.

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Howard Long, Esquire, of the firm Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about August 13, 2020.

\$13,288,000
BOROUGH OF BELLMAWR
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water Utility Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
				%	%	
2021	\$358,000	\$175,000	\$533,000			
2022	365,000	165,000	530,000			
2023	480,000	165,000	645,000			
2024	690,000	165,000	855,000			
2025	695,000	170,000	865,000			
2026	705,000	170,000	875,000			
2027	710,000	175,000	885,000			
2028	710,000	175,000	885,000			
2029	710,000	180,000	890,000			
2030	710,000	185,000	895,000			
2031	710,000	185,000	895,000			
2032	0	190,000	190,000			
2033	0	195,000	195,000			
2034	0	200,000	200,000			
2035	0	200,000	200,000			
2036	0	205,000	205,000			
2037	0	210,000	210,000			
2038	0	215,000	215,000			
2039	0	225,000	225,000			
2040	0	230,000	230,000			
2041	0	235,000	235,000			
2042	0	240,000	240,000			
2043	0	250,000	250,000			
2044	0	255,000	255,000			
2045	0	260,000	260,000			
2046	0	270,000	270,000			
2047	0	275,000	275,000			
2048	0	285,000	285,000			
2049	0	295,000	295,000			
2050	0	300,000	300,000			

¹CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of The American Bankers Association by S&P Global Market Intelligence. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representations 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 specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF BELLMAWR
COUNTY OF CAMDEN, NEW JERSEY**

Mayor and Borough Council

Charles J. Sauter, III	Mayor
James F. D'Angelo	Member of Council
Steve Hagerty	Member of Council
Ray Bider	Member of Council
Jamie Casey	Member of Council
Paul DeAngelis	Member of Council
Craig Wilhelm	Member of Council

**Chief Financial Officer/Treasurer
Maria A. Fasulo**

**Borough Clerk
Francine M. Wright**

**Solicitor
Howard Long, Esq.
Wade, Long, Wood & Long, LLC
Laurel Springs, New Jersey**

**Auditor
Bowman & Company LLP
Voorhees, New Jersey**

**Bond Counsel
Parker McCay P.A.
Mount Laurel, New Jersey**

**Municipal Advisor
Acacia Financial Group, Inc.
Mount Laurel, New Jersey**

No broker, dealer, salesperson or other person has been authorized by the Borough 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 Borough. The information contained herein has been provided by the Borough 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 any underwriter or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, bond ordinances, agreements, reports and other 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 office of the Borough Clerk during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor 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, salesman 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 Borough or any underwriter.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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.

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\$13,288,000
BOROUGH OF BELLMAWR
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$6,843,000 General Improvement Bonds
\$6,445,000 Water Utility Bonds

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Borough of Bellmawr, County of Camden, New Jersey ("Borough") of its \$13,288,000 aggregate principal amount of General Obligation Bonds, Series 2020 ("Bonds"). The Bonds consist of: (i) \$6,843,000 General Improvement Bonds; and (ii) \$6,445,000 Water Utility Bonds.

AUTHORIZATION FOR THE BONDS

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 05:13-20 and 05:14-20, each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Borough Council on July 23, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July __, 2020.

PURPOSE OF THE ISSUE

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of a portion of the principal of certain bond anticipation notes previously issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The improvements to be permanently financed with the proceeds of the Bonds include the following:

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General Improvement Ordinances

<u>Ordinance Number</u>	<u>Purpose/ Improvements</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
05:13-20, Sections 7OO, 7PP & 7QQ	Completion of Various Improvements	\$489,250	\$156,200	\$156,200
05:13-20, Section 7RR	Reconstruction of Various Roads	497,800	134,900	222,900
05:13-20, Section 7SS	Acquisition of Various Capital Equipment	370,500	186,900	0
05:13-20, Section 7TT	Reconstruction and Replacement of Drainage Pipe	380,000	156,400	156,400
05:13-20, Section 7UU	Acquisition of Various Capital Equipment; Completion of Various Improvements	475,000	190,000	0
05:13-20, Section 7VV	Acquisition of Various Capital Equipment; Completion of Various Improvements	152,000	70,000	102,000
05:13-20, Section 7WW	Completion of Various Capital Improvements	589,000	375,000	375,000
05:13-20, Section 7XX	Acquisition of Various Capital Equipment	24,510	10,500	0
05:13-20, Section 7DDD	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	427,500	380,000	0
05:13-20, Sections 7T, 7U, 7V, 7W, 7X, 7W, 7Z, 7AA, 7BB & 7CC	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	2,091,000	1,245,250	1,240,270
05:13-20, Sections 7A & 7B	Various Road Improvements	452,637	381,300	381,300
05:13-20, Sections 7HH, 7II, 7JJ, 7KK, 7LL & 7MM	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	675,450	675,450	675,450
05:13-20, Sections 7DD, 7EE & 7FF	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	549,010	523,875	523,875
05:13-20, Sections 7M, 7N, 7O, 7P, 7Q, 7R & 7S	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	931,114	906,007	931,000
05:13-20, Sections 7YY, 7ZZ, 7AAA, 7BBB & 7CCC	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	1,231,105	1,231,105	1,231,105
05:13-20, Section 7K	Reconstruction of Salem and Morris Avenue	237,500	0	15,000
05:13-20, Section 7H	Acquisition of Trash Truck	190,000	0	190,000
05:13-20, Section 7F	Improvements to Stormwater Drainage System	142,500	0	142,500
5:14-20	Acquisition of Various Capital Equipment; Completion of Various Capital Improvements	500,000	0	500,000
Total		\$10,405,876	\$6,622,887	\$6,843,000

Water Utility Ordinances

<u>Ordinance Number</u>	<u>Purpose/Improvements</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
05:13-20, Section 7EEE	Acquisition and Installation of a Water Tank	\$2,800,000	\$2,800,000	\$2,739,550
05:13-20, Sections 7DD, 7EE & 7FF	Completion of Various Capital Improvements; Acquisition of Various Capital Equipment	549,010	25,000	50,000
05:13-20, Section 7GG	Various Improvements to Water Utility System	280,000	280,000	280,000
05:13-20, Section 7NN	Acquisition of Equipment for the Water Utility System	150,000	150,000	150,000
05:13-20, Section 7L	Improvements to Drinking Water System	1,260,000	0	517,450
05:13-20, Section 7G	Acquisition of Valve Turner	448,000	0	448,000
05:13-20, Sections 7C & 7D	Various Improvements to the Borough's Water Utility System	2,260,000	0	2,260,000
Total		\$7,747,010	\$3,255,000	\$6,445,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$13,288,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on January 15 and July 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing January 15, 2021, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth below. The Bonds will mature on July 15 in the years and in the principal amounts all as shown on the inside front cover page of this Official Statement.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Borough, or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Borough, or its hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Borough or its hereafter designated paying agent, if any.

Redemption Provisions

The Bonds maturing on and after July 15, 2031 are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after July 15, 2030, at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last known address, if any, appearing on the registration books of the Borough. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any Participant or any failure of a Participant to notify any Beneficial Owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System ¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

¹ Source: The Depository Trust Company

The 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 maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all the 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, if any, shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 Borough or the hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

The Borough 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 to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but neither the Borough nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR ITS HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds may be registered on the books maintained by the Borough or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Borough or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the Borough or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE BONDS

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough without limitation as to rate or amount.

The Borough may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

GENERAL INFORMATION REGARDING THE BOROUGH

General

General information concerning the Borough, including economic, financial, demographic and other relevant data is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Borough for the year ended December 31, 2019 and (b) audited financial statements of the Borough for the years ending December 31, 2018, 2017, 2016, 2015 and 2014. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2019 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO 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 and 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 Borough is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey 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. The Borough, including the issuance of the Bonds, will not exceed its three and one-half percent (3.50%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Borough 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 Borough 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 Borough or substantially reduce the ability of the Borough 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 Borough 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 Borough 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.

Bonds – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding outstanding bonds, 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 bonds.

Local Fiscal Affairs Law

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

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six 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 Borough'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 local unit'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 year ended December 31, 2018 is on file with the Borough Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The Annual Compiled Financial Statement for the year ended December 31, 2019 is on file with the Borough Clerk and is available for review during business hours.

Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State states, 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 local unit to increase its overall appropriations, it does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a local unit 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 (S-29R1), which, among other things, imposes a two percent (2.00%) 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 (2.00%) 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 2.00%; (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 2.00% 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 2010 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 (2.00%) 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 (2.00%) 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.

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), on March 24, 2020, the Local Finance Board released Local Finance Notice 2020-07 specifically permitting emergency appropriations for response to the Coronavirus subsequent to the adoption of a local unit's budget. In particular, such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year's budget is an eligible exception to both the levy cap and the appropriations cap.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough 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 [D]irector 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 local unit 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 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.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School, County and Fire District Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

In response to the outbreak of the Coronavirus, on May 4, 2020, the Local Finance Board released Local Finance Notice 2020-11 specifically permitting alternative methodologies for calculating the reserve for uncollected taxes. In particular, instead of using the methodology described above for purpose of calculating the reserve for uncollected taxes, one of the following two alternatives may be used: (i) *N.J.S.A.* 40A:4-41(c) allows for use of the average of the prior

three (3) years' tax collection rate to mitigate a short-term decrease in the tax collection rate; or (ii) *N.J.S.A. 40A:4-41(d)* allows for a municipality to reduce the prior year's certified tax levy by the amount of any tax levy adjustment resulting from a tax appeal judgement. Use of either alternative calculation requires submission to DLGS of a resolution of the governing body and subsequent approval therefrom.

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 (3.00%) 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 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 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 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.

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the State's Superior Court. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

The Local Finance Board also serves as the "Funding Commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such Funding Commission for the proposed reorganization of its debt.

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 local unit'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 BOROUGH 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.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Borough was effective for the year 2009.

Upon the filing of certified adopted budgets by the Borough, the School Districts and the County of Camden ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Solicitor for "in rem foreclosures" in order to acquire title to these properties.

In response to the outbreak of the Coronavirus, the Governor of the State of New Jersey signed Executive Order 130, authorizing municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. At a meeting held on April 29, 2020, Borough Council adopted Resolution No. 04:107-20, instituting the above-described grace period for the payment of property taxes. See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

In response to the outbreak of the Coronavirus, on May 28, 2020, the Governor of the State of New Jersey signed legislation (A4157) extending the deadline to file 2020 property tax assessment appeals to July 1, and extending deadlines for county boards of taxation to decide on such cases to September 30, with certain exceptions. The bill took effect on May 28, 2020 and applies retroactively to April 1, 2020.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough ("Bond Counsel"), assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the

Internal Revenue Code of 1986, as amended ("Code"), and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has **not** designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

LITIGATION

To the knowledge of the Borough's Solicitor, Howard Long, Esquire, of the firm Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

RATING

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

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State of New Jersey ("Governor"). The spread of the Coronavirus has affected global economics and financial markets, which has led to volatility and reduced liquidity. Virtually all sectors of the United States economy, with the exception of essential services, have been reduced or shutdown resulting in significant reductions in the GDP. Additionally, unemployment in the United States has reached historic levels.

In response, and as noted above, the President declared a national emergency on March 13, 2020, which made available federal resources to combat the spread of the virus. Subsequently, the federal government has adopted multiple bills authorizing various forms of aid including, but not limited to, Medicaid expansion, unemployment benefits and paid emergency leave, immediate cash relief for individuals and a broad lending program for businesses and governmental entities. The Federal Reserve has also lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending and liquidity programs to banks, money market mutual funds, businesses and certain governmental entities.

The State of New Jersey has also taken action to assist residents effected by the Coronavirus. In particular, on March 28, 2020, the Governor announced a ninety (90) day forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the income tax filing deadline and the corporation business tax filing deadline has been extended from April 15 to July 15 and the State fiscal year has been extended to September 30, 2020. Further, pursuant to Executive Order 130, the Governor authorized municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget

cycle. If instituted, the impact of these changes could result in short and long-term reductions in available tax and other miscellaneous revenue for the Borough. As part of a planned multi-stage approach to restart the State's economy, the Governor has signed a series of executive orders beginning on April 29, 2020 permitting the resumption of certain activities. On June 9, 2020, the Governor signed Executive Orders 151 and 152, explicitly rescinding Paragraph 2 of Executive Order 107, thereby lifting the "stay-at-home" order and limits on indoor and outdoor gatherings and providing for the opening of certain outdoor recreational businesses. Additional executive orders relating to the resumption of certain activities may be executed by the Governor in the future as part of the planned multi-stage approach to restart the State's economy.

The Borough cannot predict, and does not predict, the duration, severity or ultimate impact of the Coronavirus, or the intervening legislative and gubernatorial measures in response thereto, upon global, State-wide and local economies and operations, including that of the Borough.

The Borough has provided and intends to continue to provide essential services in and for the Borough including, but limited to, emergency services, core health and human services, and public works, together with certain other vital services the Borough deems necessary to remain operations and responsive to public needs. In addition, the Borough is closely monitoring the spread and effects of the Coronavirus and interacts regularly with other appropriate governmental agencies in this regard, including taking such actions as it deems beneficial to prevent the spread of the Coronavirus.

Cyber Security

The Borough relies on a large and complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the Borough has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. The Borough has installed specific application software to train and assist employees in identifying suspicious emails. In addition, the Borough maintains insurance coverage for cyberattacks and related events.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds by certificates signed by various officers and officials of the Borough upon issuance and delivery of the Bonds.

All of the information has been obtained from sources which the Borough considers 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.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Borough management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountant's Compilation Report.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated July __, 2020. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the Borough, including the Bonds, and such bonds and notes are authorized security for any and all public deposits.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as municipal advisor to the Borough with respect to the issuance of the Bonds ("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.

NO DEFAULT

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

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Borough has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

As of the date hereof, the Borough is in compliance with its previous undertakings with regard to continuing disclosure for the previous five years in all material respects. The Borough has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey to act as dissemination agent (the "Dissemination Agent") to assist in the filing of certain information on EMMA as required with respect to the Bonds and future obligations.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Borough by its Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion 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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Maria A. Fasulo, Chief Financial Officer/Treasurer, Borough of Bellmawr, at 856-933-1313, or to the Borough's Municipal Advisor, Acacia Financial Group, Inc. at 856-234-2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

This Official Statement has been duly executed and delivered by the Chief Financial Officer /Treasurer of the Borough for and on behalf of the Borough.

BOROUGH OF BELLMAWR, NEW JERSEY

By: _____
MARIA A. FASULO, Chief Financial Officer/Treasurer

Dated: July __, 2020

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE BOROUGH OF BELLMAWR**

GENERAL INFORMATION ON THE BOROUGH

History

The Borough was incorporated in 1926 by virtue of an act of the Legislature of the State of New Jersey.

Essentially a residential community, the Borough covers approximately 3.7 square miles. The majority of residents are employed in the Camden County and Philadelphia metropolitan area. Main roadways in the Borough provide convenient access to the New Jersey Turnpike, Interstate 295 and U.S. Routes 42, 130 and 168. Public transportation is available and the Borough also provides a free Shuttle Bus service to its residents.

The Borough of Bellmawr operates under a Mayor-Council form of government. The Mayor is chief executive officer of the Borough and is elected by general election for a four-year term. The Council is the legislative body of the Borough and consists of six members elected by popular vote to three year terms.

Library

The Borough of Bellmawr entered into an interlocal service agreement with the County of Camden to allocate certain municipal property as a site for a regional County Liberty and to locate on such site, and in the same building as the library, a Borough Health Clinic.

Public Safety

The Borough is served by a paid police department, which consists of the Police Chief, a Captain, five (5) Sergeants, one (1) Lieutenant, four (4) corporals, nine (9) patrolmen and one (1) SLEO II.

The Borough has one Fire Department that is operating solely out of the 29 Lewis Avenue for the past 5 years. The department has approximately 35 active members. The Borough has purchased miscellaneous equipment and turn out gear over the past 5 years.

Bellmawr Ambulance Service is a paid service available for those who require emergency medical care. The ambulance company currently has a 2019 F350 Remount and a 2012 E350 Remount and various equipment. The Bellmawr ambulance company obtained a first mortgage loan of \$80,000.00 for their building on July 22, 1991. The loan is secured by an unconditional guarantee as to payment by the Borough.

Sewer Utility

Effective January 1, 1991, the Borough dissolved the Bellmawr Sewerage Authority pursuant to the procedures outlined in N.J. 40:14B-13 and created a sewer utility department within the Borough.

Effective March 1, 1991, the Borough was connected to the Camden County Municipal Utilities Authority ("CCMUA"). The Borough appropriated \$130,000.00 in the 1992 Budget for the demolition of the sewer plant. As a result of being connected to the CCMUA, there has been a substantial decrease in the Borough's sewer utility operating budget expenses.

The annual Borough residential sewer bill was decreased by 38% from \$100.00 a year in 1991 to \$62.00 a year in 1992. This amount remains the same for 2013. The Borough residents also pay an annual fee of \$352.00 payable in four (4) quarterly installments of \$88.00 to the CCMUA. Commercial users are assessed based on the number of employees, therefore, the amount assessed varies per each business.

Improvements recently authorized during 2013 include removal and replacement of sanitary sewer mains and appurtenances.

Water Utility

The Water Department is owned and operated by the Borough, and supplies water to approximately 2,203 of the Borough's 3,778 dwellings. The New Jersey American Water Company provides water service to all other residents located on the eastern side of railroad tracks within the Borough.

The Water Department facilities include the following:

- (1) Two (2) Water Treatment plants. One is located at Warren Avenue and the second plant is at Leaf/Bell Roads.
- (2) One (1) 250,000 gallon water storage tank located at Warren Avenue and one (1) 500,000 gallon water storage tank located at Leaf/Bell Roads.
- (3) Six (6) Water Wells as follows:
 - (i) Well #1 is used for testing purposes only by the United States (U.S.) Department of the Interior-Geological Survey.
 - (ii) Well #2 is capped due to being shallow.
 - (iii) Well #3 is located at Warren Avenue treatment plant.
 - (iv) Well #4 is located at Leaf/Bell Roads treatment plant.
 - (v) Well #5 is located at Leaf/Bell Roads treatment plant.
 - (vi) Well #6 is located at Warren Avenue treatment plant.

Previous improvements to the water system have included the following:

- (1) A new aeration system which takes hydrogen and carbon dioxide out of the water has been added at the Leaf/Bell roads water treatment plant.
- (2) The treatment of the water has been upgraded at the Leaf/Bell plant by changing the media (mixture of materials in the filter).
- (3) Approximately 95% of the dead end water mains have been eliminated through the extension of mains and the installation of valves.
- (4) Redevelopment of Well #3
- (5) Installation of new meters with outside readouts for residential, industrial and commercial customers

Improvements recently authorized during 2013 include various improvements to the Warren Ave and Bell Road Water Treatment Plants including removal and replacement of existing back wash tanks and acquisition of emergency generators.

Water rates are based on the size of the water meter and the water usage along with a minimum quarterly charge for industrial and all other users. Water rates were just increased effective June 26, 2020.

Site Remediation

Over the course of the past 8 years the Borough of Bellmawr along with a developer has been transforming closed landfills and a previously used compost center into a model Brownfield's redevelopment project. The site is in the process of being capped for redevelopment and the Borough of Bellmawr has received a grant from the State of New Jersey through the Hazardous Discharge Site Remediation (HDSRF) in the amount of \$6,158,452.62. The Borough has contributed \$5.8 million to remediate the site and install a new culvert to replace the broken water piping system. Once the

remediation is complete, the site will be available to create new construction, new jobs and new tax revenue for the Borough.

Borough Employees

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Full-time	87	84	84	92	87
Part--time	<u>75</u>	<u>65</u>	<u>70</u>	<u>66</u>	<u>55</u>
Total	<u>162</u>	<u>149</u>	<u>154</u>	<u>158</u>	<u>142</u>

Employee Collective Bargaining Units

Employees are recognized as separate collective bargaining units. The Department of Public Safety including Captains, Lieutenants, Sergeants, Corporals, Patrolmen, Police Women, and Detectives have an approved contract through December 31, 2023. The supervisors and the public works department have approved contracts through December 31, 2023.

Compensated Absences

Borough employees are entitled to paid sick leave for a bona fide absence due to illness or an off-duty injury (not covered by workman’s compensation) up to a maximum of twenty (20) days each calendar year based on length of employment. All unused sick leave may be carried from year to year not to exceed ninety (90) days. Provisions of the union contract with the Police provides for the buyback of unused sick days at various rates according to length of service. Details of the plan may be obtained from the Borough. All other employees cannot return nor have any monetary payback for an employee who accumulated ninety (90) days of unused sick leave

All paid Borough employees working on a regular five (5) day a week basis who have been employed in the Borough for more than one year shall receive vacation time, with the provision that vacation pay shall not be paid unless the employee actually takes vacation from his employ. Borough employees are able to carry one (1) years' worth of vacation time over to the next year.

The Borough does not record accrued expenses related to compensated absences. (For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 11).

Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. (For additional information regarding pension plans, see Appendix B: Audited Financial Statements, Note 8).

Borough Population

2010 Federal Census	11,583
2000 Federal Census	11,262
1990 Federal Census	12,603
1980 Federal Census	13,721

(1) Source: U.S. Department of Commerce, Bureau of Census.

Selected Census 2018 Data ⁽¹⁾

Median household income	\$54,447
Per capita income	\$27,122

Labor Force ⁽¹⁾

The following table discloses current labor force data for the Borough, County and State.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough					
Labor Force	5,864	5,799	5,888	5,862	5,863
Employment	5,636	5,539	5,590	5,552	5,482
Unemployment	228	260	298	310	381
Unemployment Rate	3.9%	4.5	5.1%	5.3%	6.5%
County					
Labor Force	253,053	250,133	252,989	252,368	252,172
Employment	242,811	238,635	240,117	238,479	235,856
Unemployment	10,242	11,498	12,872	13,889	16,316
Unemployment Rate	4.0%	4.6%	5.1%	5.5%	6.5%
State					
Labor Force	4,493,100	4,432,500	4,454,700	4,473,800	4,487,300
Employment	4,333,300	4,250,800	4,248,700	4,251,200	4,227,600
Unemployment	159,800	181,700	205,900	222,600	259,700
Unemployment Rate	3.6%	4.1%	4.6%	5.0%	5.8%

Business and Industry ⁽²⁾

Approximately 65 business and industry establishments are encompassed in a 242 acre industrial park complex, known as Interstate Business Park, within the Borough. This business park was first developed in 1966 by the Korman Company, which includes 300,000 square feet of space owned by the United States Postal Service which is tax exempt. Warehousing and distribution comprises the majority of the industries within the park. These are also some manufacturing industries which comprise mainly of paper related industries (cardboard, printing, books).

Building, Zoning and Development Codes ⁽²⁾

The Borough has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building.

The Borough building codes conform to standards of the Uniform Construction Code of New Jersey. These codes and other municipal codes are codified as a basis for improved administration and regulation.

The Borough adopted the Municipal Land Use Law on July 10, 1979. The Municipal Land Use Law gave the Borough Zoning Board of Adjustment authority to regulate most land use other than family residential use. In this way, the Borough is able to guide the approximate use or development of land to promote the public health, safety, morals and general welfare.

⁽¹⁾ Source: New Jersey Department of Labor.

⁽²⁾ Source: Borough officials.

Building Permits ⁽¹⁾

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2020 ⁽²⁾	148	\$2,284,966
2019	477	12,457,262
2018	516	12,270,815
2017	650	13,095,362
2016	566	6,428,843
2015	590	11,711,494

MAJOR PRIVATE SECTOR EMPLOYERS IN THE COUNTY⁽³⁾

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Full-time Positions Within the County</u>
Cooper University Health System	Hospital	6,000
Virtua Health System	Multi-hospital Healthcare System	4,000
United Parcel Service	Shipper of Packages	2,500
Our Lady of Lourdes Health System	Health Care System	2,300
Campbell Soup Company	Prepared Food Products	2,000
Bancroft NeuroHealth	Education, Rehabilitation & Treatment Services	1,950
Kennedy Health System	Hospitals/Ambulatory Facilities	1,500
Aluminum Shapes	Aluminum Extrusions	1,300
L-3 Communication Systems-East	Communication Systems and Support Equip.	1,200

INFORMATION ON THE SCHOOL DISTRICT ⁽⁴⁾

History and Education

As a Type II District, the Board of Education of the Borough of Bellmawr School District functions independently through the Board, a seven member body, elected by the voters for alternate three year terms.

The Borough's public school system has a total of two elementary schools and one middle school. Some special education students are transported to other special needs districts. The Borough high school students along with high school students from the Borough of Runnemede attend Triton Regional High School, which is part of the Black Horse Pike Regional High School District.

⁽¹⁾ Source: Borough Construction Office.

⁽²⁾ As of June 15, 2020

⁽³⁾ Source: The Camden County Improvement Authority

⁽⁴⁾ Source: Local School District Officials.

Local School District School Enrollments ⁽¹⁾

<u>Grade</u>	<u>2019</u>	<u>October 15,</u>			<u>2016</u>	<u>2015</u>
		<u>2018</u>	<u>2017</u>			
PK	149	141	133	117	115	
1	99	101	122	122	112	
1	93	120	122	108	117	
2	113	110	104	118	117	
3	104	110	106	115	112	
4	100	102	110	115	122	
5	106	103	108	117	112	
6	103	103	115	105	99	
7	105	118	97	95	77	
8	108	99	93	80	98	
Sp. Ed.	128	107	107	111	111	
TOTALS	<u>1,208</u>	<u>1,214</u>	<u>1,217</u>	<u>1,203</u>	<u>1,192</u>	

Present School Facilities, Enrollment and Capacity ⁽¹⁾

<u>Facility</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/19</u>	<u>Functional Capacity</u>
Ethel M. Burke	1889	1956	K-4	248	451
Bellmawr Park	1943	1953	Pre-K-4	471	762
Bell Oaks	1969	1971	5-8	475	1,057

Black Horse Pike Regional High School Enrollments ⁽²⁾

<u>Grade</u>	<u>Oct. 15,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
9	727	731	765	812	752
10	720	712	776	723	805
11	689	746	708	778	826
12	737	699	796	827	839
Special Education	<u>640</u>	<u>586</u>	<u>597</u>	<u>546</u>	<u>520</u>
Totals	<u>3,513</u>	<u>3,474</u>	<u>3,642</u>	<u>3,686</u>	<u>3,742</u>

⁽¹⁾ Source: Local School District Officials.

⁽²⁾ Source: Black Horse Pike Regional High School Officials.

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2017-2018 school year, there were approximately 5,776 undergraduate students and 1,395 graduate students.

Camden County College

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Fall of 2018, full time enrollment was 4,271 and part-time enrollment was 5,404 for a total of 9,675.

Camden County Technical Schools

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are 32 career programs from which to choose. For the 2018-2019 school year, 1,331 students are enrolled at the Gloucester Township Campus, and 772 at the Pennsauken Campus, including 270 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the Borough.

(1) Source: School District officials

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Valuation</u>
Mutual Housing Corp.	Apartments	\$ 27,390,800
East Coast Hyde Park Apts. LLC	Apartments	11,500,000
South Penn/Wessex Mgt LLC	Apartments	7,500,000
International Paper Company	Manufacture Cardboard Boxes and Containers	5,500,000
151 Partners LLC	Textbook Publishers/Warehouse	5,269,000
J&J Snack Foods Corp. of N.J.	Snack Food Distributor	5,198,700
Spruce Manor Enterprises LLC	Apartments	4,687,500
Heller Road Partners LLC	Industrial Building	4,477,000
Browning Square Inc.	Apartments	4,215,000
45 Heller Road LLC	Distribution Warehouse	4,195,700

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019 (3) \$	29,894,292	\$ 29,159,901	97.54%	\$ 671,447	2.25%
2018	29,426,553	28,817,738	97.93%	565,160	1.92%
2017	29,197,434	28,446,279	97.43%	675,879	2.31%
2016	28,868,260	28,108,345	97.37%	607,736	2.11%
2015	28,470,598	27,723,367	97.38%	538,404	1.89%

DELINQUENT TAXES(2)

<u>Year</u>	<u>Outstanding January 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2019 (3) \$	566,677		\$ 562,320	99.23%			\$ 4,356
2018	790,493	\$ 10,229	796,948	99.53%		\$ 2,257	1,517
2017	628,005	3,225	507,679	80.43%		8,938	114,613
2016	553,334	4,250	537,031	96.31%	\$ 285		20,268
2015	590,462	6,321	581,853	97.50%			14,930

(1) Source: Borough Tax Assessor

(2) Source: Annual Reports of Audit, unless otherwise indicated

(3) Source: Compiled Annual Financial Statement

TAX TITLE LIENS(1)

<u>Year</u>		<u>Balance</u> <u>January 1</u>	<u>Added by</u>		<u>Balance</u> <u>December 31</u>
			<u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	
2019	(4)	\$ 80,559	\$ 4,191		\$ 84,750
2018		78,078	3,390	\$ 909	80,559
2017		74,821	3,257		78,078
2016		69,776	5,044		74,821
2015		66,924	2,852		69,776

FORECLOSED PROPERTY (1)

The Borough did not have any foreclosed property from 2015 through 2019.

WATER UTILITY COLLECTIONS(1)

<u>Year</u>		<u>Beginning</u> <u>Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Other</u> <u>Credits</u>	<u>Outstanding December 31</u>	
				<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2019	(4)	\$ 100,523	\$ 1,235,317	\$ 1,077,012	80.62%	\$ 104,308	\$ 154,520	12.51%
2018		157,660	1,186,208	1,235,564	91.94%	7,780	100,523	8.47%
2017		139,244	1,186,848	1,168,370	88.11%	63	157,660	13.28%
2016		99,959	1,168,874	1,129,589	89.03%		139,244	11.91%
2015		99,140	1,144,558	1,143,738	91.96%		99,960	8.73%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(2)

<u>Year</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Tax Rate (3)</u>					
		<u>Total</u> <u>Rate</u>	<u>Municipal</u>	<u>County</u>	<u>Regional</u> <u>High School</u>	<u>Local</u> <u>School</u>	
2020	\$ 783,621,800	N/A	N/A	N/A	N/A	N/A	
2019	783,550,100	\$ 3.805	\$ 1.166	\$ 0.850	\$ 0.523	\$ 1.266	
2018	783,336,900	3.745	1.166	0.843	0.500	1.236	
2017	788,389,400	3.701	1.146	0.856	0.500	1.199	
2016	793,673,100	3.629	1.146	0.810	0.500	1.173	
2015	795,951,735	3.559	1.117	0.803	0.499	1.140	

- (1) Source: Annual Reports of Audit
 (2) Source: Borough Tax Collector
 (3) Per \$100 of assessed valuation
 (4) Source: Compiled Annual Financial Statement

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA(1)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (2)</u>
2020	\$ 783,621,800	101.44%	\$ 772,497,831	\$ 66,692
2019	783,550,100	102.11%	767,358,829	66,249
2018	783,336,900	106.23%	737,397,063	63,662
2017	788,389,400	104.18%	756,756,959	65,333
2016	793,673,100	107.66%	737,203,325	63,645

REAL PROPERTY CLASSIFICATION(3)

<u>Year</u>	<u>Assessed Value of Land and</u>					
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2020	\$ 783,621,800	\$ 7,219,000	\$ 565,967,900	\$ 69,416,300	\$ 84,693,200	\$ 56,325,400
2019	783,550,100	7,384,400	565,245,100	69,131,900	85,463,300	56,325,400
2018	783,336,900	8,210,200	566,168,100	65,908,400	86,556,500	56,493,700
2017	788,389,400	8,209,000	568,500,400	68,039,100	87,147,200	56,493,700
2016	793,673,100	7,661,500	572,510,500	69,317,400	87,610,000	56,573,700

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation

(2) Based on Federal Census 2010 of 11,583

(3) Source: Borough Tax Assessor

**BOROUGH OF BELLMAWR
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2019**

The following table summarizes the direct debt of the Borough of Bellmawr as of December 31, 2019 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include school debt, reserve to pay debt, as well as, debt considered to be self-liquidating. The resulting net debt of \$11,725,652 represent 1.542% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5 % limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Gross Debt	Deductions			Net Debt
	Bonds	Loans	Notes	Authorized But Not Issued		School Debt	Reserve to Pay Debt	Self-Liquidating Debt	
General	\$1,100,000	\$3,238,781	\$6,622,887	\$1,032,715	\$11,994,383		\$268,732		\$11,725,652
School - Local	2,433,000				2,433,000	\$2,433,000			
Water Utility		441,250	3,255,000	3,201,234	6,897,484			\$6,897,484	
	<u>\$3,533,000</u>	<u>\$3,680,031</u>	<u>\$9,877,887</u>	<u>\$4,233,949</u>	<u>\$21,324,867</u>	<u>\$2,433,000</u>	<u>\$268,732</u>	<u>\$6,897,484</u>	<u>\$11,725,652</u>

Source: Borough Annual Debt Statement
As of: December 31, 2019

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$	760,576,812
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018, and 2019		1.54%
2020 Net Valuation Taxable	\$	783,336,900
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		772,497,831
Gross Debt (3):		
As a percentage of 2020 Net Valuation Taxable		2.72%
As a percentage of 2020 Equalized Valuations		2.76%
Net Debt (3):		
As a percentage of 2020 Net Valuation Taxable		1.50%
As a percentage of 2020 Equalized Valuations		1.52%
Gross Debt Per Capita (4)	\$	1,875
Net Debt Per Capita (4)		1,031

BOROUGH BORROWING CAPACITY(1)(2)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$760,576,812)	\$	26,620,188
Net Debt		<u>11,725,652</u>
Remaining Borrowing Capacity	\$	<u><u>14,894,536</u></u>

LOCAL SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

3.0% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$760,576,812)	\$	22,817,304
Local School Debt		<u>2,433,000</u>
Remaining Borrowing Capacity	\$	<u><u>20,384,304</u></u>

REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY (1)(2)

3.0% of Average (2017-19) Equalized Valuation of Real Property with Improvements (\$5,644,332,869)	\$	172,197,828
Regional School Debt		<u>-</u>
Remaining Borrowing Capacity	\$	<u><u>172,197,828</u></u>

(1) As of December 31, 2019

(2) Source: Borough Auditor

(3) Excluding overlapping debt

(4) Based upon 2010 population of 11,583 by the New Jersey Department of Labor

**BOROUGH OF BELLMAWR
OVERLAPPING DEBT AS OF DECEMBER 31, 2019**

DEBT ISSUED

	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 40,475,000	\$ 17,734,529 (2)	\$ 22,740,471	\$ 450,261 (4)	\$ 44,848,356
Notes	35,461,125		35,461,125	702,130 (4)	
Loan Agreements	340,001,133		340,001,133	6,732,022 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	260,305,410	260,305,410 (3)			
	<u>\$ 676,242,668</u>	<u>\$ 278,039,939</u>	<u>\$ 398,202,729</u>	<u>\$ 7,884,414</u>	<u>\$ 44,848,356</u>

(1) Source: County of Camden

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Refunding Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 1.98%.

Camden County Municipal Utilities Authority

The Camden County Municipal Utilities Authority ("CCMUA") is a public body corporate and politic of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County adopted on December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the Camden County Municipal Utilities Authority pursuant to a resolution of the County adopted on April 13, 1972. The CCMUA operates under the supervision of nine commissioners who are appointed by the Board for five-year staggered terms. The County has entered into a deficiency agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for: (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000, and (iii) the maintenance of reserves required under the bond resolution securing the CCMUA's bonds and notes. The obligation of the County pursuant to the provisions of the Deficiency Agreement is a direct and general obligation of the County, and any annual charges are ultimately payable by the County from the levy of *ad valorem* taxes on all the taxable real property within the jurisdiction of the County in amounts sufficient to enable the County to meet its obligations under the Deficiency Agreement. **To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement.** The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligations of the County thereunder.

The CCMUA owns and operates a sewage collection and treatment system which serves all County residents connected to local sewer collection systems. The CCMUA's system does not include the local sewage collection system of any CCMUA participant, but it owns and operates interceptor sewer lines connecting the local systems to the CCMUA's sewage treatment facilities.

The CCMUA is required to charge and collect service charges for the use of its facilities such that revenues of the CCMUA will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay punctually the principal of and interest on any bonds and notes of the CCMUA and to maintain reserves and sinking funds therefor as may be required by the terms of any agreements with the holders thereof.

The gross debt as of December 31, 2018 for the CCMUA was \$203,282,026. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

The Camden County Improvement Authority ("CCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board. The CCIA operates under the supervision of a five (5) member Board who are appointed for five (5) year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty. The CCIA also issues conduit debt from time to time which is not included in the overlapping debt as there is no obligation by the taxpayers to repay the associated debt service.

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2018 was \$415,177,178.

BOROUGH OF BELLMAWR
SCHEDULE OF DEBT SERVICE (1)
(BONDED DEBT AND LOANS)

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 850,551	\$ 124,039	\$ 974,590
2021	858,618	103,198	961,816
2022	852,183	80,231	932,414
2023	757,105	55,108	812,213
2024	393,476	34,558	428,034
2025	277,717	22,358	300,075
2026	200,715	9,907	210,622
2027	34,716	2,137	36,854
2028	34,716	1,838	36,554
2029	34,716	1,538	36,254
2030	14,266	1,238	15,504
2031	10,000	938	10,937
2032	10,000	638	10,638
2033	10,000	325	10,325
	\$ 4,338,781	\$ 438,049	\$ 4,776,830

(1) As of December 31, 2019
Source: Borough Audit Report

**BOROUGH OF BELLMAWR
2020 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,745,000.00
Miscellaneous Revenues:	
Local Revenues	1,106,000.00
State Aid Without Offsetting Appropriations	1,215,317.00
Dedicated Uniform Construction Code Fees	220,000.00
Director of Local Government Services - Shared Service Agreements	276,500.00
Director of Local Government Services - Public and Private Revenues	133,812.42
Director of Local Government Services - Other Special Items	1,004,634.66
Receipts From Delinquent Taxes	474,500.00
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>9,281,839.51</u>
Total Anticipated Revenues	<u><u>\$ 15,457,603.59</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 11,167,777.57
Deferred Charges and Statutory Expenditures	1,331,245.00
Excluded from CAPS:	
Other Operations	26,000.00
Shared Service Agreements	276,500.00
Public and Private Programs	137,387.52
Capital Improvements	100,000.00
Debt Service	1,575,290.73
Deferred Charges	18,650.00
Reserve for Uncollected Taxes	<u>824,752.77</u>
Total Appropriations	<u><u>\$ 15,457,603.59</u></u>

WATER UTILITY FUND

Anticipated Revenues:	
Operating Fund Balance	\$ 379,450.00
Rents	1,134,584.30
Miscellaneous	<u>10,000.00</u>
Total Anticipated Revenues	<u><u>\$ 1,524,034.30</u></u>
Appropriations:	
Operating	\$ 1,341,553.43
Debt Service	115,980.87
Deferred Charges and Statutory Expenditures	<u>66,500.00</u>
Total Appropriations	<u><u>\$ 1,524,034.30</u></u>

**BOROUGH OF BELLMAWR
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2025**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>	
			<u>General</u>	<u>Self-Liquidating</u>
General Capital:				
Reconstruction of Roads	\$ 80,000.00	\$ 4,000.00	\$ 76,000.00	
Reconstruction of Roads (Pse&g)	792,000.00	39,600.00	752,400.00	
Rugby Dump Body & Plow	15,000.00	750.00	14,250.00	
Refurbish 2004 Asphalt Paver	46,000.00	2,300.00	43,700.00	
Purchase of Sewer Vactor	399,000.00	19,950.00	379,050.00	
Asphalt Recreation Center	70,000.00	3,500.00	66,500.00	
Reconstruction of Benigno & Anderson	1,961,745.00	98,087.25	1,863,657.75	
Vehicle Garage	100,000.00	5,000.00	95,000.00	
Purchase & Install Mounted Speed Signs	18,000.00	900.00	17,100.00	
Fire Turnout Gear	16,820.00	841.00	15,979.00	
Vehicle Stabilization Struts	15,000.00	750.00	14,250.00	
Mobile Data Computers	14,180.00	709.00	13,471.00	
Reconstruction of Roads	1,179,000.00	58,950.00	1,120,050.00	
Public Works Equipment	1,042,000.00	52,100.00	989,900.00	
Stormwater Management	375,000.00	18,750.00	356,250.00	
Repairs at Dept of Public Works	40,000.00	2,000.00	38,000.00	
Sewer Station Upgrades	990,000.00	49,500.00	940,500.00	
Sewer Force Main Upgrades	455,000.00	22,750.00	432,250.00	
Total - General Capital	\$ 7,608,745.00	\$ 380,437.25	\$ 7,228,307.75	
Utility Capital:				
Sewer Equipment	\$ 155,000.00	\$ 7,750.00	\$ 147,250.00	
Wet Well Upgrades	25,000.00	1,250.00	23,750.00	
Recreation Equipment	39,000.00	1,950.00	37,050.00	
Upgrades to Playgrounds	115,000.00	5,750.00	109,250.00	
Upgrades to Fields	164,000.00	8,200.00	155,800.00	
Heavy Duty Rescue Truck	750,000.00	37,500.00	712,500.00	
Fire Department Equipment	375,000.00	18,750.00	356,250.00	
Police Technology Upgrades	50,000.00	2,500.00	47,500.00	
Police Vehicles	70,000.00	3,500.00	66,500.00	
Water Utility				
Aerator & Clearwell Booster Pump	890,000.00	44,500.00		\$ 845,500.00
Pole Building and Parking Lot	100,000.00	5,000.00		95,000.00
Purchase of 10 Mueller Fire Hydrants	60,000.00	3,000.00		57,000.00
Replace Water Mains	2,400,900.00	120,045.00		2,280,855.00
Fire Hydrants	125,000.00	6,250.00		118,750.00
Generator Well #5	200,000.00	10,000.00		190,000.00
Replace Insert Valves	270,000.00	13,500.00		256,500.00
Redevelop Well #6	60,000.00	3,000.00		57,000.00
Replace Warren Ave Transfer SW	175,000.00	8,750.00		166,250.00
Water Utility F350 Pick Up Truck	45,000.00	2,250.00		42,750.00
Redevelop Well #4	70,000.00	3,500.00		66,500.00
Total - Utility Capital	\$ 6,138,900.00	\$ 306,945.00	\$ 1,655,850.00	\$ 4,176,105.00
Total - All Projects	\$ 13,747,645.00	\$ 687,382.25	\$ 8,884,157.75	\$ 4,176,105.00

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF BELLMAWR

FOR THE YEAR ENDED 2019
COMPILED FINANCIAL STATEMENTS



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Bellmawr
Bellmawr, New Jersey 08031

Management is responsible for the accompanying financial statements of the Borough of Bellmawr, in the County of Camden, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2019 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements referred to above have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 2, 2020

BOROUGH OF BELLMAWR
CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019

ASSETS

Regular Fund:

Cash	\$ 4,537,389.19
Change Funds	<u>350.00</u>
	<u>4,537,739.19</u>

Receivables and Other Assets with

Full Reserves:

Delinquent Property Taxes Receivable	676,595.26
Tax Title Liens Receivable	84,750.02
Consumer Accounts Receivable	572,460.23
Revenue Accounts Receivable	16,758.29
Accounts Receivable	4,051.54
Due Camden County Municipal Utilities Authority	576.66
Due County - Omitted Taxes Overbilled	24,353.69
Due NJDOT Missing Moves	2,839.79
Due Bellmawr Board of Education	9,587.29
Due Water Operating Fund	59.92
Due Animal Control Trust Fund	<u>1,973.70</u>
	<u>1,394,006.39</u>

Deferred Charges:

Emergency Appropriation	<u>18,650.00</u>
-------------------------	------------------

18,650.00

5,950,395.58

Federal, State and Other Grant Fund:

Cash	158,689.60
Grants Receivable	84,876.28
Due Trust Other Fund	<u>57.85</u>
	<u>243,623.73</u>
	<u>\$ 6,194,019.31</u>

(Continued)

BOROUGH OF BELLMAWR
CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$ 729,068.29
Reserve for Encumbrances	35,825.44
Accounts Payable	170.70
Prepaid Taxes	234,763.47
Tax Overpayments	1,572.95
Prepaid Sewer Rents	5,728.24
Sewer Overpayments	625.49
Due State of New Jersey:	
State Marriage License Fees	150.00
Veterans' and Senior Citizens' Deductions	34,307.85
Reserve for Special Emergencies	15,314.80
Reserve for Police Records Management	34,477.52
Due County for Added and Omitted Taxes	17,933.71
Regional School District Payable	0.52
Local School District Taxes Payable	2.50
Due Bellmawr Housing	30.00
Due General Capital Fund	599,759.32
Due Trust Other Fund	64,543.49

1,774,274.29

Reserve for Receivables and Other Assets

1,394,006.39

Fund Balance

2,782,114.90

5,950,395.58

Federal, State and Other Grant Fund:

Due General Capital	39,788.40
Reserve for Grants Unappropriated	67,082.03
Reserve for Grants Appropriated	126,893.30
Reserve for Encumbrances	9,860.00

243,623.73

\$ 6,194,019.31

BOROUGH OF BELLMAWR
CURRENT FUND

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2019

Revenue and Other Income Realized

Fund Balance Utilized	\$	1,408,000.00
Miscellaneous Revenue Anticipated		3,762,944.69
Receipts from Delinquent Taxes		562,320.44
Receipts from Current Taxes		29,159,900.56
Non-Budget Revenues		322,313.14
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		283,577.33
Cancellation of Grants Unappropriated		24,499.00
Cancellation of Due Bank		6,623.52
Statutory Excess in Dog License Fund		1,964.00
Reserves Liquidated:		
Prepaid School Taxes		2.48
Protested Checks		7,505.76
Due from Camden County Municipal Utilities Authority		281.46
Due Water Utility Operating Fund		329,985.04
Due Trust Other Fund		32,100.39
Due Dog Trust Fund		1,287.65
		35,903,305.46
Total Income		35,903,305.46

Expenditures

Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages		5,817,014.95
Other Expenses		4,574,279.64
Deferred Charges and Statutory Expenditures Within "CAPS"		1,369,198.33
Operations - Excluded from "CAPS":		
Other Expenses		543,867.93
Capital Improvements - Excluded from "CAPS"		98,650.00
Municipal Debt Service - Excluded from "CAPS"		1,479,578.00
County Taxes		6,654,407.06
County Share of Added and Omitted Taxes		17,933.71
Local District School Tax		9,921,026.00
Regional High School Tax		4,099,707.00
State of New Jersey - Senior Citizens' and Veterans'		
Deductions Disallowed by Tax Collector - Prior Year Taxes		791.68
Refund of Prior Year Revenue		3,233.49
Refund of Prior Year Revenue - Reserve for Records Management		16,477.52
Cancelation of Grants Receivable		24,500.00
Cancelation of Protested Checks		7,505.76
Reserves Created:		
Due County - Omitted Taxes Overbilled		24,353.69
Due State of New Jersey Missing Moves		2,839.79
Accounts Receivable		4,051.54
Due from Bellmawr Board of Education		2,723.17
		34,662,139.26
Total Expenditures		34,662,139.26

(Continued)

10500

BOROUGH OF BELLMAWR
CURRENT FUND
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2019

Excess In Revenue	\$ 1,241,166.20
Adjustments to Income Before Fund Balance:	
Expenditures Included above which are by Statute Deferred	
Charges to Budget of Succeeding Year	<u>18,650.00</u>
Statutory Excess to Fund Balance	1,259,816.20
<u>Fund Balance</u>	
Balance Jan. 1	<u>2,930,298.70</u>
	4,190,114.90
Utilized as Revenue	<u>1,408,000.00</u>
Balance Dec. 31	<u><u>\$ 2,782,114.90</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF BELLMAWR
TRUST FUNDS
Statement of Assets, Liabilities and Reserves - Regulatory Basis
As of December 31, 2019

ASSETS

Animal Control Fund:	
Cash	\$ 7,181.73
Length of Service Award Program:	
Investments - Length of Service Awards Program	316,257.08
Trust Other Funds:	
Cash	727,843.93
Community Development Block Grant Receivable	39,465.32
Accounts Receivable	63,933.50
Due Current Fund	64,543.49
Due General Capital Fund	9,304.25
Due Water Utility Operating Fund	3,818.83
Due Bank	160.24
	909,069.56
	\$ 916,251.29

LIABILITIES AND RESERVES

Animal Control Fund:	
Reserve for Animal Control Fund Expenditures	\$ 5,071.20
Due State of New Jersey	136.80
Due Current Fund	1,973.70
Due Bank	0.03
	7,181.73
Length of Service Award Program:	
Reserve for Length of Service Awards Program	316,257.08

(Continued)

BOROUGH OF BELLMAWR
TRUST FUNDS
Statement of Assets, Liabilities and Reserves - Regulatory Basis
As of December 31, 2019

LIABILITIES AND RESERVES (CONT'D)

Trust Other Funds:

Due Federal and State Grant Fund	\$ 57.85
Reserve for Encumbrances	2,044.54
Reserve for Law Enforcement Funds	47,118.05
Reserve for Off Duty Police	30,644.75
Reserve for Site Plan Review Escrow Deposits	116,452.40
Reserve for Redemption of Tax Sale Certificates	23,997.39
Reserve for Premiums Received at Tax Sale	386,900.00
Reserve for Police Drug Enforcement	33.17
Reserve for Community Beautification Donations	8,614.28
Reserve for Parking Offenses Adjudication Act Funds	485.19
Reserve for Public Defender Fees	11,143.55
Reserve for Donations for the Needy	14,796.37
Reserve for Municipal Alliance	305.25
Reserve for Developers Escrow	2,847.79
Reserve for Flexible Spending Account	131.51
Reserve for Unemployment Compensation Insurance	1,352.28
Payroll Deductions Payable	165,120.64
Reserve for Community Development Block Grants	97,024.55
	<u>909,069.56</u>
	<u>\$ 916,251.29</u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF BELLMAWR
GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019

ASSETS

Cash	\$	253,530.38
Accounts Receivable		364,237.69
Due Current Fund		599,759.32
Due Federal and State Grant Fund		39,788.40
Due Water Utility Operating Fund		424.50
Due Water Utility Capital Fund		30,000.00
Deferred Charges to Future Taxation:		
Funded		4,338,781.02
Unfunded		7,655,602.22
		\$ 13,282,123.53

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	\$	13,991.00
Due Trust Other Fund		9,304.25
Improvement Authorizations:		
Funded		232,518.72
Unfunded		1,672,062.05
Reserve for Encumbrances		268,731.61
Reserve for Payment of Bonds and Notes		82,233.98
Reserve for Sewer Improvements		14,404.00
Bond Anticipation Notes		6,622,887.00
New Jersey Environmental Infrastructure Trust Loan Payable		3,212,145.82
Green Acres Loan Payable		26,635.20
General Serial Bonds		1,100,000.00
Fund Balance		27,209.90
		\$ 13,282,123.53

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF BELLMAWR
WATER UTILITY FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019

ASSETS

Operating Fund:

Cash	\$	933,123.99
Change Fund		50.00
Due Water Utility Capital Fund		<u>33,236.51</u>

966,410.50

Receivables with Full Reserves:

Due Bank		3,271.00
Consumer Accounts Receivable		<u>154,519.92</u>

157,790.92

Total Operating Fund

1,124,201.42

Capital Fund:

Cash		318,730.55
Due Water Utility Operating Fund		
Fixed Capital		4,051,081.69
Fixed Capital Authorized and Uncompleted		<u>7,098,000.00</u>

11,467,812.24

Total Capital Fund

\$ 12,592,013.66

(Continued)

BOROUGH OF BELLMAWR
WATER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES AND FUND BALANCES

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 240,329.97
Reserve for Encumbrances	14,220.93
Water Rent Prepayments	128,866.31
Water Rent Overpayments	2,306.68
Accrued Interest on Notes and Loans	23,863.94
Due Current Fund	59.92
Due Trust Other Fund	3,818.83
Due General Capital Fund	424.50

413,891.08

Reserves for Receivables	157,790.92
Fund Balance	552,519.42

1,124,201.42

Capital Fund:

Due Water Operating Fund	33,236.51
Due General Capital Fund	30,000.00
Improvement Authorizations:	
Funded	3,201.74
Unfunded	3,378,767.43
Capital Improvement Fund	41,701.09
Reserve for Encumbrances	33,057.78
Reserve for Amortization	4,169,990.05
Reserve for Deferred Amortization	81,607.84
Bond Anticipation Notes	3,255,000.00
New Jersey Infrastructure Loans Payable	441,249.80

Total Capital Fund 11,467,812.24

\$ 12,592,013.66

See Independent Accountant's Compilation Report and selected notes.

10500

BOROUGH OF BELLMAWR
WATER UTILITY OPERATING FUND
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2019

Revenue and Other Income Realized

Operating Surplus Anticipated	\$ 273,450.00
Rents	1,171,164.33
Miscellaneous	22,668.74
Reserve for Maintenance of Water Tank	65,020.00
Other Credits to Income:	
Cancellation of Water Rent Prepayments	10,156.09
Unexpended Balance of Appropriation Reserves	<u>38,669.38</u>
 Total Income	 <u>1,581,128.54</u>

Expenditures

Operating	1,254,898.87
Debt Service	98,604.83
Deferred Charges and Statutory Expenditures	<u>66,500.00</u>
 Total Expenditures	 <u>1,420,003.70</u>

Statutory Excess to Fund Balance 161,124.84

Fund Balance

Balance Jan. 1	<u>664,844.58</u>
	825,969.42
Decreased by:	
Utilized as Revenue	<u>273,450.00</u>
 Balance Dec. 31	 <u><u>\$ 552,519.42</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF BELLMAWR
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Bellmawr (hereafter referred to as the "Borough") was incorporated as a Borough by an act of the New Jersey legislature in March 1926. The Borough, located in Camden County, New Jersey, has a total area of approximately three square miles, and is located approximately ten miles southeast from the City of Philadelphia. The Borough borders the Boroughs of Barrington, Brooklawn, Haddon Heights, Mount Ephraim, Westville, Deptford, and the City of Gloucester City. According to the 2010 census, the population is 11,583.

The Borough is governed under the Mayor-Council form of government, with a six-member Council. The Council is elected by popular vote to three-year terms. The Mayor is elected by the general election to serve a four-year term. The Mayor is the chief executive and the Council is the legislative body of the government.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Water Utility Operating and Capital Funds - The water utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and water utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and water utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Borough of Bellmawr School District and the Black Horse Pike Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Bellmawr School District and Black Horse Pike Regional High School District. Operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**FOR THE YEARS ENDED 2018, 2017, 2016, 2015 AND
2014 AUDITED FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Borough Council
Borough of Bellmawr
Bellmawr, New Jersey 08031

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” 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 Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

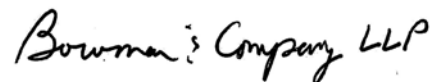
In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 10). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 19, 2019

**BOROUGH OF BELLMAWR
CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

ASSETS	As of December 31,				
	2018	2017	2016	2015	2014
Regular Fund:					
Cash and Investments	\$ 4,175,966.33	\$ 3,700,917.58	\$ 2,807,619.14	\$ 3,271,943.06	\$ 2,663,631.62
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	566,676.88	790,492.73	628,004.70	553,333.62	590,462.44
Tax Title Liens Receivable	80,558.62	78,077.54	74,820.59	69,776.25	66,923.55
Prepaid Regional High School Tax	2.48	0.50		0.46	
Other Accounts Receivable	478,559.03	557,074.37	481,279.29	408,483.29	441,897.51
Interfunds Receivable	365,406.70	148,726.52	317,072.10	216,114.05	11,827.04
Deferred Charges:					
Special Emergency - Revaluation		5,000.00	10,000.00	15,000.00	20,000.00
Emergency Appropriation		55,228.22	64,500.00		15,000.00
Overexpenditure of Appropriations	1,117.33				
Total Current Fund	5,668,287.37	5,335,517.46	4,383,295.82	4,534,650.73	3,809,742.16
Federal and State Grant Fund:					
Cash	42,063.65	97,767.72	94,860.92	89,689.23	136,491.66
Federal and State Grants Receivable	187,843.71	1,102,761.66	1,119,244.62	988,670.62	958,925.86
Interfunds Receivable	57.85	57.85	57.85	57.85	57.85
Total Federal and State Grant Fund	229,965.21	1,200,587.23	1,214,163.39	1,078,417.70	1,095,475.37
	\$ 5,898,252.58	\$ 6,536,104.69	\$ 5,597,459.21	\$ 5,613,068.43	\$ 4,905,217.53
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Liabilities and Reserves:					
Appropriation Reserves	\$ 504,052.86	\$ 853,238.57	\$ 418,204.50	\$ 302,570.96	\$ 144,607.93
Reserve for Encumbrances	16,068.71	110,852.50	126,131.16	84,813.82	230,899.82
Accounts Payable	1,500.00	1,690.00			
Reserve for Tax Revaluation and Preparation of Tax Map	16,795.80	19,018.05	23,182.21	30,361.21	33,261.21
Tax Overpayments	6,129.29	6,545.90	24,739.14	3,175.95	1,622.15
Sewer Overpayments	425.00	862.07	554.86	585.24	1,077.61
Reserve for Police Records Management	12,000.00				
Prepaid Taxes	290,592.86	307,060.03	245,053.05	337,506.59	170,080.48
Prepaid Sewer Rents	3,965.19	4,113.37	3,001.42	2,967.44	4,269.44
Due to the State of New Jersey	29,496.87	36,083.80	30,639.57	23,060.72	29,759.42
Due County for Added and Omitted Taxes	20,398.39	4,427.04	6,996.26	16,244.24	3,532.48
Due to Bank	6,623.52	6,626.52	2,591.39	2,591.39	3,041.39
Due Bellmawr Housing	30.00	30.00	30.00		
Due to CCMUA			885.72	900.72	1.01
Local School District Taxes Payable	2.50	2.50	3.00	3.00	2.50
Regional High School Taxes Payable					0.06
Interfunds Payable	338,703.97	92,868.81	101,578.37	411,711.87	88,349.87
Reserves for Receivables and Other Assets	1,491,203.71	1,574,371.66	1,501,176.68	1,247,707.67	1,111,110.54
Fund Balance	2,930,298.70	2,317,726.64	1,898,528.49	2,070,449.91	1,988,126.25
Total Current Fund	5,668,287.37	5,335,517.46	4,383,295.82	4,534,650.73	3,809,742.16
Federal and State Grant Fund:					
Reserve for Encumbrances		6,105.86	99,089.06	278.36	6,873.45
Appropriated Reserves	139,030.59	1,048,160.99	1,034,498.43	1,042,539.44	1,050,721.57
Unappropriated Reserves	51,146.22	106,531.98	80,575.90	35,599.90	37,880.35
Interfund Payables	39,788.40	39,788.40			
Total Federal and State Grant Fund	229,965.21	1,200,587.23	1,214,163.39	1,078,417.70	1,095,475.37
	\$ 5,898,252.58	\$ 6,536,104.69	\$ 5,597,459.21	\$ 5,613,068.43	\$ 4,905,217.53

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

BOROUGH OF BELLMAWR
CURRENT FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	2018	2017	2016	2015	2014
REVENUES AND OTHER INCOME REALIZED:					
Fund Balance Utilized	\$ 1,045,000.00	\$ 1,045,000.00	\$ 1,200,000.00	\$ 850,000.00	\$ 500,000.00
Miscellaneous Revenue Anticipated	4,174,232.43	4,588,825.36	4,245,175.81	3,943,482.48	4,678,156.25
Receipts from Delinquent Taxes	797,857.00	507,678.58	537,030.59	581,853.76	490,572.77
Receipts from Current Taxes	28,817,738.40	28,446,278.80	28,108,344.70	27,723,367.00	27,226,572.70
Non-Budget Revenues	326,108.01	575,090.25	397,789.76	350,616.23	347,789.83
Other Credits to Income	607,611.98	298,694.06	114,417.30	30,715.78	205,383.31
Liquidation of Reserves for Interfunds and Other Receivables	2,260.18	320,744.11	213,043.06	90,673.33	305,888.51
Total Revenues	35,770,808.00	35,782,311.16	34,815,801.22	33,570,708.38	33,754,363.37
EXPENDITURES:					
Budget Appropriations:					
Operations Within "CAPS":					
Salaries and Wages	5,641,269.66	5,710,816.04	5,592,712.58	5,258,413.00	5,018,864.00
Other Expenses	4,764,070.63	5,020,561.63	4,844,663.74	4,626,446.25	4,552,824.28
Statutory Expenditures Within "CAPS"	1,209,181.22	1,205,605.63	1,102,942.00	1,053,060.37	948,420.84
Operations Excluded From "CAPS":					
Other Expenses	505,869.99	657,130.34	719,963.39	653,394.39	1,441,970.93
Capital Improvements Excluded From "CAPS"	85,000.00	125,228.22	79,500.00	50,000.00	40,000.00
Debt Service	1,376,054.04	1,286,505.47	1,475,489.13	1,143,719.49	1,098,492.66
Deferred Charge -- Excluded From "CAPS"	60,228.22	69,500.00	5,000.00	5,000.00	28,844.11
County Taxes and County Share of Added and Omitted Taxes	6,618,310.43	6,744,652.11	6,425,372.81	6,398,788.93	6,395,333.30
Local School District Tax	9,683,668.00	9,453,499.00	9,308,981.00	9,070,967.00	8,549,143.00
Regional High School Tax	3,916,781.00	3,946,614.00	3,965,045.00	3,975,064.00	4,173,449.00
Overpayments Created from Prior year Appeals		3,000.00	12,773.04	192,507.87	
Prior Year Senior Citizens and Veterans Deductions Disallowed	6,025.35	3,225.35	4,250.00	6,250.00	5,750.00
Refund of Prior Year Revenue	22,220.18				108,999.21
Creation of Reserve for Interfunds and Other Receivables	224,557.22	147,003.44	315,529.95	204,773.42	96,750.30
Total Expenditures	34,113,235.94	34,373,341.23	33,852,222.64	32,638,384.72	32,458,841.63
Excess Revenues over Expenditures	1,657,572.06	1,408,969.93	963,578.58	932,323.66	1,295,521.74
Adjustments to Income Before Fund Balance:					
Expenditures Included above which are by Statute Deferred					
Charges to Budget of Succeeding Year		55,228.22	64,500.00		15,000.00
Statutory Excess to Fund Balance	1,657,572.06	1,464,198.15	1,028,078.58	932,323.66	1,310,521.74
FUND BALANCE:					
January 1	2,317,726.64	1,898,528.49	2,070,449.91	1,988,126.25	1,177,604.51
	3,975,298.70	3,362,726.64	3,098,528.49	2,920,449.91	2,488,126.25
Decreased by:					
Utilized in Budget	1,045,000.00	1,045,000.00	1,200,000.00	850,000.00	500,000.00
December 31	\$ 2,930,298.70	\$ 2,317,726.64	\$ 1,898,528.49	\$ 2,070,449.91	\$ 1,988,126.25

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

BOROUGH OF BELLMAWR
TRUST FUNDS
Statements of Assets, Liabilities and Reserves -- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	(Restated) <u>2015</u>	<u>2014</u>
Dog License Fund:					
Cash	\$ 8,637.98	\$ 12,149.76	\$ 10,872.48	\$ 23,857.44	\$ 21,007.47
Other Funds:					
Cash -- Treasurer	676,854.26	916,063.59	877,914.99	494,928.99	703,762.62
Accounts Receivable-Community Development Block Grant	98,465.32	110,765.32	74,965.32	83,100.00	35,800.00
Investments - Length of Service Awards Program	277,104.91	269,133.39	229,447.55	194,379.59	
Prepaid Payroll Taxes				72,765.39	53,619.58
Due from Current		6,425.86	97,206.36	326,810.81	42,660.60
Due from General Capital Fund	9,304.25	9,304.25	9,304.25	9,304.25	9,304.25
Due to Water Utility Operating Fund			15,626.98		
Due from Bank	85.24	85.24	85.24	85.24	85.24
	<u>1,061,813.98</u>	<u>1,311,777.65</u>	<u>1,304,550.69</u>	<u>1,181,374.27</u>	<u>845,232.29</u>
	<u>\$ 1,070,451.96</u>	<u>\$ 1,323,927.41</u>	<u>\$ 1,315,423.17</u>	<u>\$ 1,205,231.71</u>	<u>\$ 866,239.76</u>
 <u>LIABILITIES AND RESERVES</u>					
Dog License Fund:					
Reserve for Dog Fund Expenditures	\$ 4,932.00	\$ 6,619.80	\$ 7,792.60	\$ 8,632.20	\$ 9,176.20
Reserve for Encumbrances	438.00				
Due to State of New Jersey	6.60	8.40	8.40	8.40	4.20
Due to Current Fund	3,261.35	5,521.53	3,071.45	15,216.81	11,827.04
Due to Bank	0.03	0.03	0.03	0.03	0.03
	<u>8,637.98</u>	<u>12,149.76</u>	<u>10,872.48</u>	<u>23,857.44</u>	<u>21,007.47</u>
Other Funds:					
Due to Federal and State Grant Fund	57.85	57.85	57.85	57.85	57.85
Due to Water Utility Operating Fund	22,812.10	27,356.18		10,915.54	1,826.98
Reserves and Special Deposits	863,336.21	1,115,976.89	1,165,235.18	1,036,314.02	769,381.60
Due to State of New Jersey - Crime Compensation Insurance		6,439.63	6,439.63	6,439.63	6,439.63
Payroll Deductions Payable	78,583.27	51,181.78	57,852.71	44,547.23	31,726.23
Reserve for CDBG	97,024.55	110,765.32	74,965.32	83,100.00	35,800.00
	<u>1,061,813.98</u>	<u>1,311,777.65</u>	<u>1,304,550.69</u>	<u>1,181,374.27</u>	<u>845,232.29</u>
	<u>\$ 1,070,451.96</u>	<u>\$ 1,323,927.41</u>	<u>\$ 1,315,423.17</u>	<u>\$ 1,205,231.71</u>	<u>\$ 866,239.76</u>

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

BOROUGH OF BELLMAWR
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 1,379,586.89	\$ 1,533,468.48	\$ 1,126,993.93	\$ 1,186,469.71	\$ 1,281,320.91
Accounts Receivable	255,820.88	275,089.60	18,622.13	124,104.00	275,974.00
Due from Current	338,703.97	86,442.95		84,901.06	44,303.43
Due from Federal and State Grant Fund	39,788.40	39,788.40			
Due from Water Utility Operating Fund	424.50	424.50			
Due from Water Utility Capital Fund	30,000.00	30,000.00			15,358.08
Deferred Charges - Defecit in Capital Imprvement Fund			2,259.14		
Deferred Charges to Future Taxation:					
Funded	5,127,107.68	6,177,106.96	6,966,659.64	9,553,907.09	10,327,672.87
Unfunded	6,319,670.04	5,112,779.21	5,459,969.99	3,834,231.61	2,696,812.05
	<u>\$13,491,102.36</u>	<u>\$13,255,100.10</u>	<u>\$13,574,504.83</u>	<u>\$14,783,613.47</u>	<u>\$14,641,441.34</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Capital Improvement Fund	\$ 9,041.00	\$ 10,627.00		\$ 16,040.86	\$ 33,330.86
Due Current			\$ 314,000.65		
Due Trust Other	9,304.25	9,304.25	9,304.25	9,304.25	9,304.25
Due Water Utility Capital Fund			58,863.19	58,863.19	
Due Water Utility Operating Fund				18,666.39	18,666.39
Reserve for Sewer Improvements	14,404.00	14,404.00	14,404.00	14,404.00	14,404.00
Reserve for Payment of Bonds and Notes	119,033.98	136,267.82	154,591.30	345,086.50	264,364.67
Improvement Authorizations:					
Funded	360,281.97	232,518.72	232,518.72	306,705.54	372,069.07
Unfunded	1,776,602.13	1,050,451.95	1,713,124.34	1,225,882.11	980,982.58
Contracts Payable		415,127.62	129,800.00		28,026.80
Reserve for Encumbrances	187,042.45	277,648.62	54,408.84	219,430.15	52,834.97
Bond Anticipation Notes	5,861,075.00	4,904,433.26	3,899,620.00	2,988,113.51	2,512,575.00
New Jersey Wastewater Treatment Loan Payable				35,000.00	86,258.50
NJEIT Loan Payable	3,790,183.94	4,630,097.40	5,209,762.99	7,552,318.16	8,115,324.15
Green Acres Loan Payable	36,923.74	47,009.56	56,896.65	66,588.93	76,090.22
General Serial Bonds	1,300,000.00	1,500,000.00	1,700,000.00	1,900,000.00	2,050,000.00
Fund Balance	27,209.90	27,209.90	27,209.90	27,209.88	27,209.88
	<u>\$13,491,102.36</u>	<u>\$13,255,100.10</u>	<u>\$13,574,504.83</u>	<u>\$14,783,613.47</u>	<u>\$14,641,441.34</u>

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

BOROUGH OF BELLMAWR
WATER UTILITY - OPERATING FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash - Treasurer	\$ 1,651,453.98	\$ 2,264,939.94	\$ 388,423.90	\$ 815,122.11	\$ 1,000,715.97
Change Fund - Collector	50.00	50.00	50.00	50.00	50.00
Due From:					
Current Fund			4,372.01		1,385.94
General Capital Fund				18,666.39	18,666.39
Trust - Other	22,812.10	27,356.18		10,915.54	1,826.98
Water Utility Capital Fund			235,114.75	78,810.15	
	<u>1,674,316.08</u>	<u>2,292,346.12</u>	<u>627,960.66</u>	<u>923,564.19</u>	<u>1,022,645.28</u>
Receivables with Full Reserves:					
Due From Bank	3,271.00	3,271.00	3,271.00	3,372.48	3,460.38
Consumer Accounts Receivable	100,523.43	157,659.46	139,243.55	99,958.52	99,140.28
	<u>103,794.43</u>	<u>160,930.46</u>	<u>142,514.55</u>	<u>103,331.00</u>	<u>102,600.66</u>
Deferred Charges:					
Emergency Appropriation		23,500.00	6,800.00	44,500.00	
	<u>\$ 1,778,110.51</u>	<u>\$ 2,476,776.58</u>	<u>\$ 777,275.21</u>	<u>\$ 1,071,395.19</u>	<u>\$ 1,125,245.94</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Appropriation Reserves	\$ 66,214.22	\$ 76,026.40	\$ 45,624.74	\$ 78,223.12	\$ 3,755.37
Reserves for Encumbrances		4,081.95	8,868.71	50,165.39	41,355.88
Water Rent Prepayments	104,307.92	86,828.45	18,165.62	107,028.24	12,439.40
Water Rent Overpayments	1,818.55	1,884.03	1,237.68	1,414.93	2,126.89
Accrued Interest on Bonds, Notes and Loans	23,937.49	16,378.91	2,062.24	2,758.05	4,635.36
Reserve for Maintenance of Elevated Water Tanks	65,020.00	65,020.00	65,020.00	65,020.00	65,020.00
Due to Current Fund	330,044.96	143,204.99		200,897.24	
Due to Trust Other			15,626.98		
Due to General Capital Fund	424.50	424.50			
Due to Water Utility Capital Fund	417,703.86	1,460,994.07			413,935.15
	<u>1,009,471.50</u>	<u>1,854,843.30</u>	<u>156,605.97</u>	<u>505,506.97</u>	<u>543,268.05</u>
Reserves for Receivables	103,794.43	160,930.46	142,514.55	103,331.00	102,600.66
Fund Balance	664,844.58	461,002.82	478,154.69	462,557.22	479,377.23
	<u>\$ 1,778,110.51</u>	<u>\$ 2,476,776.58</u>	<u>\$ 777,275.21</u>	<u>\$ 1,071,395.19</u>	<u>\$ 1,125,245.94</u>

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

BOROUGH OF BELLMAWR
WATER UTILITY - CAPITAL FUND
Statements of Assets, Liabilities, and Reserves -- Regulatory Basis

ASSETS	As of December 31,				
	2018	2017	2016	2015	2014
Due from Water Utility Operating Fund	\$ 417,703.86	\$1,460,994.07			\$ 413,935.15
Due From General Capital Fund			\$ 58,863.19	\$ 58,863.19	
Fixed Capital	3,901,081.69	3,901,081.69	3,901,081.69	3,901,081.69	3,844,287.34
Fixed Capital Authorized and Uncompleted	4,505,000.00	4,050,000.00	3,750,000.00	2,550,000.00	1,110,000.00
	<u>\$8,823,785.55</u>	<u>\$9,412,075.76</u>	<u>\$7,709,944.88</u>	<u>\$6,509,944.88</u>	<u>\$5,368,222.49</u>
LIABILITIES AND RESERVES					
Due to Water Utility Operating Fund			\$ 235,114.75	\$ 78,810.15	
Due to General Capital Fund	\$ 30,000.00	\$ 30,000.00			\$ 15,358.08
Improvement Authorizations:					
Funded					11,813.94
Unfunded	1,394,698.77	2,587,988.98	3,536,407.14	2,502,711.74	1,001,428.48
Capital Improvement Fund	41,701.09	41,701.09	31,701.09	21,701.09	331.65
Contracts Payable					43,699.00
Reserve for Encumbrances	150,000.00				
Reserve for Amortization	3,843,207.16	3,785,777.85	3,695,114.06	3,628,587.57	3,495,177.45
Reserve for Deferred Amortization	81,607.84	81,607.84	81,607.84	81,607.84	104,107.84
Bond Anticipation Notes	3,255,000.00	2,830,000.00	50,000.00	80,400.00	535,900.00
NJ Wastewater Treatment Loan Payable	27,570.69	55,000.00	80,000.00	116,126.49	160,406.05
	<u>\$8,823,785.55</u>	<u>\$9,412,075.76</u>	<u>\$7,709,944.88</u>	<u>\$6,509,944.88</u>	<u>\$5,368,222.49</u>

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

BOROUGH OF BELLMAWR
WATER UTILITY - OPERATING FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis

	For The Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:					
Fund Balance Anticipated	\$ 10,000.00				
Rents	1,235,563.61	\$ 1,168,369.56	\$ 1,129,589.45	\$ 1,143,738.60	\$ 1,143,289.86
Miscellaneous Revenues	41,011.70	26,058.42	6,887.25	6,857.97	6,416.90
Non-Budget Revenues				6,029.19	2,730.00
Total Budget Revenues	1,286,575.31	1,194,427.98	1,136,476.70	1,156,625.76	1,152,436.76
Other Credits to Income	16,661.21	22,514.02	54,298.69	7,041.83	2,731.88
Total Income	1,303,236.52	1,216,942.00	1,190,775.39	1,163,667.59	1,155,168.64
OPERATING EXPENSES:					
Operating	896,273.40	872,534.50	796,800.00	824,500.00	787,000.00
Capital Outlay		10,000.00	10,000.00	10,000.00	
Debt Service	103,121.36	61,095.58	69,177.92	128,987.60	60,521.78
Statutory Expenditures	90,000.00	113,963.79	106,000.00	61,500.00	119,500.00
Refund of Prior Year Revenue					40.00
Total Expenditures	1,089,394.76	1,057,593.87	981,977.92	1,024,987.60	967,061.78
Excess of Revenues over Expenditures	213,841.76	159,348.13	208,797.47	138,679.99	188,106.86
Adjustment to Income Before Fund Balance: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years		23,500.00	6,800.00	44,500.00	
Statutory Excess to Fund Balance	213,841.76	182,848.13	215,597.47	183,179.99	188,106.86
Fund Balances January 1	461,002.82	478,154.69	462,557.22	479,377.23	441,270.37
Decreased by:	674,844.58	661,002.82	678,154.69	662,557.22	629,377.23
Realized as Revenue in Current Fund		200,000.00	200,000.00	200,000.00	150,000.00
Realized as Revenue	10,000.00				
Fund Balance December 31	\$ 664,844.58	\$ 461,002.82	\$ 478,154.69	\$ 462,557.22	\$ 479,377.23

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

BOROUGH OF BELLMAWR
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Bellmawr (hereafter referred to as the "Borough") was incorporated as a Borough by an act of the New Jersey legislature in March 1926. The Borough, located in Camden County, New Jersey, has a total area of approximately three square miles, and is located approximately ten miles southeast from the City of Philadelphia. The Borough borders the Boroughs of Barrington, Brooklawn, Haddon Heights, Mount Ephraim, Westville, Deptford, and the City of Gloucester City. According to the 2010 census, the population is 11,583.

The Borough is governed under the Mayor-Council form of government, with a six-member Council. The Council is elected by popular vote to three-year terms. The Mayor is elected by the general election to serve a four-year term. The Mayor is the chief executive and the Council is the legislative body of the government.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Water Utility Operating and Capital Funds - The water utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and water utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the Borough's length of service awards program, however, are stated at fair value.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and water utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Borough of Bellmawr School District and the Black Horse Pike Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Bellmawr School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Borough adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the Borough.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2018, the Borough's bank balances of \$8,001,983.36 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,871,373.13
Uninsured and Uncollateralized	<u>130,610.23</u>
Total	<u><u>\$ 8,001,983.36</u></u>

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 3.745	\$ 3.701	\$ 3.629	\$ 3.559	\$ 3.455
Apportionment of Tax Rate:					
Municipal	\$ 1.166	\$ 1.146	\$ 1.146	\$ 1.117	\$ 1.087
County	0.843	0.856	0.810	0.803	0.794
Local School	1.236	1.199	1.173	1.140	1.058
Regional School District	0.500	0.500	0.500	0.499	0.516

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 783,336,900.00
2017	788,389,400.00
2016	793,673,100.00
2015	795,951,735.00
2014	807,424,657.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 29,426,553.08	\$ 28,817,738.40	97.93%
2017	29,197,434.03	28,446,278.80	97.43%
2016	28,868,260.23	28,108,344.70	97.37%
2015	28,470,597.56	27,723,367.00	97.38%
2014	27,983,481.66	27,226,572.70	97.30%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 80,558.62	\$ 566,676.88	\$ 647,235.50	2.20%
2017	78,077.54	790,492.73	868,570.27	2.97%
2016	74,820.59	628,004.70	702,825.29	2.43%
2015	69,776.25	553,333.62	623,109.87	2.19%
2014	66,923.55	590,462.44	657,385.99	2.35%

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2018	8
2017	9
2016	9
2015	7
2014	7

Note 4: SEWER SERVICE CHARGES

The following is a five-year comparison of sewer service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 359,954.59	-	\$ 527,607.63	\$ 887,562.22	\$ 440,407.66
2017	282,276.20	-	516,289.46	798,565.66	437,473.61
2016	216,325.36	-	510,366.98	726,692.34	444,354.14
2015	163,332.14	-	502,934.82	666,266.96	449,941.60
2014	122,422.56	-	488,052.36	610,474.92	446,869.88

Note 5: WATER UTILITY SERVICE CHARGES

The following is a five-year comparison of water utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 157,659.46	-	\$ 1,186,207.94	\$ 1,343,867.40	\$ 1,235,563.61
2017	139,243.55	-	1,186,848.45	1,326,092.00	1,168,369.56
2016	99,958.52	-	1,168,874.48	1,268,833.00	1,129,589.45
2015	99,140.28	-	1,144,556.84	1,243,697.12	1,143,738.60
2014	120,556.39	-	1,121,873.75	1,242,430.14	1,142,990.45

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 2,930,298.70	\$ 1,408,000.00	48.05%
2017	2,259,195.61	1,045,000.00	46.26%
2016	1,898,528.49	950,000.00	50.04%
2015	2,070,449.91	1,200,000.00	57.96%
2014	1,988,126.25	850,000.00	42.75%

Water Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 664,844.58	\$ 273,450.00	41.13%
2017	461,002.82		
2016	478,154.69	200,000.00	41.83%
2015	462,557.22	200,000.00	43.24%
2014	479,377.23	200,000.00	41.72%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 365,406.70	\$ 338,703.97
Federal and State Grant	57.85	39,788.40
Trust - Animal Control		3,261.35
Trust - Other	9,304.25	54,970.34
General Capital	408,916.87	9,304.25
Water Utility - Operating	22,812.10	848,173.32
Water Utility - Capital	517,703.86	30,000.00
Totals	<u>\$ 1,324,201.63</u>	<u>\$ 1,324,201.63</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2019, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System 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. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System 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. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 14.53% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$421,746.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$402,890.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$226,368.07.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under 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.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers 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 local participating employers do 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 local participating employers related to this legislation.

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 29.94% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$576,146.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$465,034.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$197,698.14.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2018 was 3.33% of the Borough's covered payroll.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is \$64,151.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 was \$45,434.00, which was paid on April 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$8,348,408.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0424003002%, which was a decrease of 0.0010898722% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$643,989.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PERS was \$402,890.00, and was paid on April 1, 2018.

Police and Firemen's Retirement System - At December 31, 2018, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 7,974,456.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,083,198.00</u>
	<u>\$ 9,057,654.00</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0589318848%, which was an increase of 0.0063867660% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0589318848%, which was an increase of 0.0063867660% from its proportion, on-behalf of the Borough, measured as of June 30, 2017.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - At December 31, 2018, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$808,922.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PFRS was \$465,034.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is \$128,303.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 159,205.00	\$ 81,130.00	\$ 240,335.00	\$ 43,047.00	\$ 33,000.00	\$ 76,047.00
Changes of Assumptions	1,375,679.00	684,500.00	2,060,179.00	2,669,377.00	2,043,715.00	4,713,092.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	78,308.00	43,628.00	121,936.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	515,920.00	1,289,408.00	1,805,328.00	202,154.00	678,291.00	880,445.00
Borough Contributions Subsequent to the Measurement Date	210,873.00	288,073.00	498,946.00	-	-	-
	<u>\$ 2,261,677.00</u>	<u>\$ 2,343,111.00</u>	<u>\$ 4,604,788.00</u>	<u>\$ 2,992,886.00</u>	<u>\$ 2,798,634.00</u>	<u>\$ 5,791,520.00</u>

\$210,873.00 and \$288,073.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending			
Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 239,135.00	\$ 259,004.00	\$ 498,139.00
2020	46,450.00	(83,636.00)	(37,186.00)
2021	(526,288.00)	(568,172.00)	(1,094,460.00)
2022	(514,201.00)	(348,851.00)	(863,052.00)
2023	(187,178.00)	(1,941.00)	(189,119.00)
	<u>\$ (942,082.00)</u>	<u>\$ (743,596.00)</u>	<u>\$ (1,685,678.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2018 are summarized in the following table:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66% for PERS and 6.51% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 10,497,161.00</u>	<u>\$ 8,348,408.00</u>	<u>\$ 6,545,741.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the Net Pension Liability	\$ 10,672,820.00	\$ 7,974,456.00	\$ 5,748,797.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,449,726.10</u>	<u>1,083,198.00</u>	<u>780,879.08</u>
	<u>\$ 12,122,546.10</u>	<u>\$ 9,057,654.00</u>	<u>\$ 6,529,676.08</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Six Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0424003002%	0.0434901724%	0.0420185729%
Borough's Proportionate Share of the Net Pension Liability	\$ 8,348,408.00	\$ 10,123,817.00	\$ 12,444,696.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 2,977,580.00	\$ 3,075,872.00	\$ 2,872,416.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.38%	329.14%	433.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0403417669%	0.0397980034%	0.0368255503%
Borough's Proportionate Share of the Net Pension Liability	\$ 9,055,918.00	\$ 7,451,275.00	\$ 7,038,094.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 2,580,384.00	\$ 2,449,300.00	\$ 2,521,224.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	350.95%	304.22%	279.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 421,746.00	\$ 402,890.00	\$ 373,287.00
Borough's Contribution in Relation to the Contractually Required Contribution	(421,746.00)	(402,890.00)	(373,287.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,902,314.00	\$ 2,969,549.00	\$ 2,995,682.00
Borough's Contributions as a Percentage of Covered Payroll	14.53%	13.57%	12.46%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 346,831.00	\$ 328,089.00	\$ 277,473.00
Borough's Contribution in Relation to the Contractually Required Contribution	(346,831.00)	(328,089.00)	(277,473.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,917,219.00	\$ 2,667,431.00	\$ 2,482,506.00
Borough's Contributions as a Percentage of Covered Payroll	11.89%	12.30%	11.18%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0589318848%	0.0525451188%	0.0593397415%
Borough's Proportionate Share of the Net Pension Liability	\$ 7,974,456.00	\$ 8,111,950.00	\$ 11,335,409.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	1,083,198.00	908,607.00	951,893.00
Total	<u>\$ 9,057,654.00</u>	<u>\$ 9,020,557.00</u>	<u>\$ 12,287,302.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,896,732.00	\$ 1,733,688.00	\$ 1,896,644.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	420.43%	467.90%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0532829612%	0.0536372336%	0.0510144398%
Borough's Proportionate Share of the Net Pension Liability	\$ 8,875,084.00	\$ 6,747,066.00	\$ 6,781,909.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	778,315.00	726,546.00	632,156.00
Total	<u>\$ 9,653,399.00</u>	<u>\$ 7,473,612.00</u>	<u>\$ 7,414,065.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,687,372.00	\$ 1,639,200.00	\$ 1,516,644.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	411.61%	447.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 576,146.00	\$ 465,034.00	\$ 483,821.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(576,146.00)</u>	<u>(465,034.00)</u>	<u>(483,821.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,924,201.00	\$ 1,871,324.00	\$ 1,789,516.00
Borough's Contributions as a Percentage of Covered Payroll	29.94%	24.85%	27.04%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 433,111.00	\$ 411,971.00	\$ 372,190.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(433,111.00)</u>	<u>(411,971.00)</u>	<u>(372,190.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,901,669.00	\$ 1,708,897.00	\$ 1,611,627.00
Borough's Contributions as a Percentage of Covered Payroll	22.78%	24.11%	23.09%

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

Police and Firemen's Retirement System (PFRS)Changes in Benefit Terms

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter.

For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 9: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Borough's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Borough's trust fund, was created by a Borough Resolution adopted on September 25, 2008 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the Borough approved the adoption of the Plan at the general election held on November 4, 2008, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2008. The Plan provides tax deferred income benefits to active volunteer firefighters, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers, consisting of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Plan Amendments - The Borough may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Borough, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Borough's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Borough's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Borough shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Borough may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Borough shall notify all participants in writing prior to making any amendment to the Plan.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Borough elected to contribute \$1,150.00 for the year ended December 31, 2018 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2018, the Borough's total expenditure, net of forfeitures, to the Plan was \$20,700.00.

Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Borough to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Borough. These funds, however, are not available for funding the operations of the Borough.

Vesting - The Borough, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

Payment of Benefits - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeited Accounts - For the year ended December 31, 2018, no accounts were forfeited.

Investments - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Benefits Provided - The Borough provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Borough's provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the Borough under the classification of Police and Sewer who have at least twenty-five (25) years of service with the Borough and who are at least sixty (60) years of age. The Plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers.

Employees Covered by Benefit Terms - As of December 31, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	41
Active Employees	79
	<hr/>
Total	120
	<hr/> <hr/>

Total OPEB Liability

The Borough's total OPEB liability of \$14,856,130.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% annually
Salary Increases	2.50% annually
Discount Rate	4.10%
Healthcare Cost Trend Rates	5.8% in 2018 Reducing by 0.1% per annum, leveling at 5% per annum in 2026
Drug	10.0% in 2018 Reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026
Dental	3.5% per annum
Retirees' Share of Benefit-Related Costs	Retiree's who retired before the passage of Chapter 78 or those employees who had 25 years of service on the date of passage are grandfathered. All other are subject to contribution rates in effect when they retired, but not less than 1.5% of their annual retirement allowance from PERS. 2018 employer contributions for retiree benefits are \$581,000.00.

The discount rate was based on the Bond Buyer 20 Index December 31, 2018.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions and Other Inputs (Cont'd)** - Mortality rates were based on the following:

RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables either developed for the applicable State Pension system in which the Borough participates or State Health Benefits Program. The actuary has used their professional judgement in applying these assumptions to this plan.

Changes in Total OPEB Liability

Balance December 31, 2017		\$ 14,611,024.00
Changes for the Year:		
Service Cost	\$ 229,523.00	
Interest Cost	596,553.00	
Benefit Payments	<u>(580,970.00)</u>	
Net Changes		<u>245,106.00</u>
Balance December 31, 2018		<u>\$ 14,856,130.00</u>

Sensitivity of Total OPEB Liability to Changes in Discount Rate - The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.00% Decrease (3.10%)	Current Discount Rate (4.10%)	1.00% Increase (5.10%)
Total OPEB Liability	<u>\$ 14,475,475.00</u>	<u>\$ 14,856,130.00</u>	<u>\$ 15,265,940.00</u>

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.00% Decrease (4.80% Decreasing to 4.00%)	Healthcare Cost Trend Rates (5.80% Decreasing to 5.00%)	1.00% Increase (6.80% Decreasing to 6.00%)
Total OPEB Liability	<u>\$14,580,362.00</u>	<u>\$14,856,130.00</u>	<u>\$15,293,056.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

OPEB Expense - For the year ended December 31, 2018, the Borough recognized OPEB expense of \$826,076.00.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the Borough's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 229,523.00
Interest	596,553.00
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	-
Benefit Payments	<u>(580,970.00)</u>
Net Change in Total OPEB Liability	245,106.00
Total OPEB Liability, January 1,	<u>14,611,024.00</u>
Total OPEB Liability, December 31,	<u>\$ 14,856,130.00</u>
Covered-Employee Payroll	\$ 5,980,657.17
Total OPEB Liability as a Percentage of Covered-Employee Payroll	248.40%

Other Notes to Supplementary OPEB Information**Changes in Benefit Terms**

None.

Changes in Assumptions

None.

Note 11: COMPENSATED ABSENCES

Borough employees are entitled to paid sick leave for a bona fide absence due to illness or an off-duty injury (not covered by workman's compensation) up to a maximum of twenty (20) days each calendar year based on length of employment in accordance with the following schedule:

<u>Completion of</u>	<u>Entitled to</u>
1 Year	5 Days
2 Years	7 Days
5 Years	10 Days
10 Years	12 Days
15 Years	20 Days

All unused sick leave may be carried from year to year not to exceed ninety (90) days.

Provisions of the union contract with the Police provides for the buyback of unused sick days at various rates according to length of service. Details of the plan may be obtained from the Borough. All other employees cannot return nor have any monetary payback for unused sick time. However, during the year the governing body approved a monetary payback for an employee who accumulated ninety (90) days of unused sick leave. The payment was charged and paid in the current year.

All paid Borough employees working on a regular five (5) day a week basis who have been employed in the Borough for more than one year shall receive vacation time according to the following schedule, with the provision that vacation pay shall not be paid unless the employee actually takes vacation from his employ, and that vacation may not be accumulated from year to year.

<u>Completion of</u>	<u>Entitled to</u>
1 to 2 Years	5 Days
2 to 5 Years	10 Days
5 Years	15 Days
10 Years	18 Days
15 Years	20 Days
20 Years	25 Days

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$93,242.19.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 13: LEASE OBLIGATIONS

At December 31, 2018, the Borough had lease agreements in effect for the following:

Capital:

- One (1) 2016 Ford Interceptor
- One (1) 2017 Ford Interceptor
- One (1) 2018 Ford Interceptor

Operating:

- One (1) Mailing System
- Two (2) Copy Machines

Capital Leases - The following is an analysis of the Borough's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Vehicles	\$ 17,318.07	\$ 24,738.94

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 17,318.07</u>	<u>\$ 609.60</u>	<u>\$ 17,927.67</u>

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 5,636.59
2020	4,686.84
2021	2,919.36

Rental payments under operating leases for the year 2018 were \$6,966.24.

Note 14: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2013 - On August 16, 2013, the Borough issued \$2,200,000.00 in general improvement bonds, with interest rates ranging from 2.0% to 3.0%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is July 15, 2023.

Note 14: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000.00	\$ 36,250.00	\$ 236,250.00
2020	250,000.00	31,750.00	281,750.00
2021	250,000.00	25,500.00	275,500.00
2022	300,000.00	18,000.00	318,000.00
2023	300,000.00	9,000.00	309,000.00
Totals	<u>\$ 1,300,000.00</u>	<u>\$ 120,500.00</u>	<u>\$ 1,420,500.00</u>

New Jersey Environmental Infrastructure Loans

General Debt – On October 15, 2002, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,480,000.00, at no interest, from the fund loan, and \$1,502,073.00 at interest rates ranging from 2.0% to 5.0% from the trust loan. The proceeds were used to fund the rehabilitation and upgrading of the sewer service system. Semiannual debt payments are due February 1st and August 1st through 2022. These loans were refinanced by the New Jersey Environmental Infrastructure Bank and project savings credits were applied and maturities were adjusted as of December 31, 2018.

On November 6, 2008, the Borough entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$3,938,878.00, at no interest, from the fund loan, and \$3,955,000.00 at interest rates ranging from 5.0% to 5.5% from the trust loan. The proceeds were used to fund the upgrading of the storm sewer system. Semiannual debt payments are due February 1st and August 1st through 2026. These loans were refinanced by the New Jersey Environmental Infrastructure Bank and project savings credits were applied and maturities were adjusted as of December 31, 2018.

In addition, on May 21, 2014, the Borough entered into a third loan agreement with the New Jersey Department of Environmental Protection to provide \$486,092.00, at no interest, from the fund loan, and \$160,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the replacement of sanitary sewer mains. Semiannual debt payments are due February 1st and August 1st for the trust loan and annual payments are due September 1st for the fund loan through 2033.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 578,038.12	\$ 105,566.12	\$ 683,604.24
2020	590,055.96	91,808.99	681,864.95
2021	597,911.28	77,428.65	675,339.93
2022	546,749.10	62,176.75	608,925.85
2023	457,104.78	46,107.50	503,212.28
2024-2028	941,341.81	70,797.50	1,012,139.31
2029-2033	78,982.89	4,675.00	83,657.89
Totals	<u>\$ 3,790,183.94</u>	<u>\$ 458,560.51</u>	<u>\$ 4,248,744.45</u>

Note 14: CAPITAL DEBT (CONT'D)**New Jersey Environmental Infrastructure Loans (Cont'd)**

Water Utility Debt – On November 4, 1999, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$278,275.00, at no interest, from the fund loan, and \$289,578.00 at interest rates ranging from 4.75% to 5.70% from the trust loan. The proceeds were used to fund the renovations to the water storage and distribution system. Semiannual debt payments are due February 1st and August 1st through 2019 for the trust loan. The fund loan portion was paid off during 2016.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans in the Water Utility:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 27,570.69	\$ 1,272.08	\$ 28,842.77

General Debt - New Jersey Green Acres Loans

On April 25, 2002, the Borough entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$145,661.80, at an interest rate of 2.0%. The proceeds were used to fund the multi-park development. Semiannual debt payments are due February 4th and August 4th through 2022.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 10,288.54	\$ 687.29	\$ 10,975.83
2020	10,495.34	480.44	10,975.78
2021	10,706.30	269.53	10,975.83
2022	5,433.56	54.36	5,487.92
Totals	\$ 36,923.74	\$ 1,491.62	\$ 38,415.36

Note 14: CAPITAL DEBT (CONT'D)

The following schedule represents the Borough's summary of debt for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 10,988,182.68	\$ 11,081,540.22	\$ 10,866,279.64
Water Utility:			
Notes and Loans	3,282,570.69	2,885,000.00	130,000.00
Total Issued	<u>14,270,753.37</u>	<u>13,966,540.22</u>	<u>10,996,279.64</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	458,622.22	208,373.22	1,560,377.17
Water Utility:			
Bonds and Notes	1,200,000.00	1,200,000.00	3,745,663.79
Total Authorized but not Issued	<u>1,658,622.22</u>	<u>1,408,373.22</u>	<u>5,306,040.96</u>
Total Issued and Authorized but not Issued	<u>15,929,375.59</u>	<u>15,374,913.44</u>	<u>16,302,320.60</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Debt	119,033.98	136,267.82	154,591.30
Water Utility:			
Self-Liquidating	4,482,570.69	4,085,000.00	3,875,663.79
Total Deductions	<u>4,601,604.67</u>	<u>4,221,267.82</u>	<u>4,030,255.09</u>
Net Debt	<u>\$ 11,327,770.92</u>	<u>\$ 11,153,645.62</u>	<u>\$ 12,272,065.51</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 2,573,000.00	\$ 2,573,000.00	
Regional School Purposes	383,194.02	383,194.02	
Self-Liquidating	4,482,570.69	4,482,570.69	
General	11,446,804.90	119,033.98	\$ 11,327,770.92
	<u>\$ 18,885,569.61</u>	<u>\$ 7,557,798.69</u>	<u>\$ 11,327,770.92</u>

Net debt \$11,327,770.92 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$757,043,982.67, equals 1.50%.

The Chief Financial Officer should file a revised Annual Debt Statement.

Note 14: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	26,496,539.39
Less: Net Debt		<u>11,327,770.92</u>
Remaining Borrowing Power	\$	<u><u>15,168,768.47</u></u>

**Calculation of "Self-Liquidating Purpose,"
Water Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$	1,276,575.31
Deductions:		
Operating and Maintenance Costs	\$	986,273.40
Debt Service		<u>103,121.36</u>
Total Deductions		<u>1,089,394.76</u>
Excess in Revenue	\$	<u><u>187,180.55</u></u>

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2018</u>	<u>2019 Budget Appropriation</u>
Current Fund:		
Overexpenditure of Appropriations	\$ 1,117.33	\$ 1,117.33

The appropriations in the 2019 Budget as adopted are not less than that required by the statutes.

Note 16: RISK MANAGEMENT

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

Property and Liability Insurance - The Borough maintains insurance coverage for property, liability, vehicle, surety bonds, etc.

Joint Insurance Pool - The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations. The Fund provides the Borough with the following coverage:

Property - Blanket Building and Grounds
Boiler and Machinery
General and Automobile Liability
Public Official Liability
Employment Practices Liability

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, NJ 07054-4412

Note 17: INTERLOCAL SERVICES AGREEMENT

On October 8, 1996 the Borough entered into an Interlocal Services Agreement with the County of Camden to lease land to the County for the construction of a regional County Library and a Borough Health Clinic. The County provided the funds for the construction of the library and the Borough funded the cost of construction for the Health Clinic. The lease term is for a period of 40 years, in an amount of \$1.00 per year, over the life of the ground lease.

Note 18: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amount, if any, to be immaterial.

Litigation - The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 19: CONCENTRATIONS

The Borough depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 20: SUBSEQUENT EVENTS

Tax Appeals - As of December 31, 2018, three tax appeals were on file against the Borough. Based upon information provided by the tax assessor, two appeals are not anticipated to have a significant reduction and the Borough is in state tax court with the remaining appeal. If such appeal is not settled in favor of the Borough, the estimated impact of the tax refund could be material. However, the Borough has \$50,000.00 of unencumbered 2018 appropriations and budgeted an additional \$50,000.00 in the 2019 budget. In the event there are insufficient funds to settle the appeal, the Borough has the ability to raise funds in the budget subsequent to 2019 and may, depending upon approval from the New Jersey State Local Finance Board, borrow to fund the payment of the appeal.

Authorization of Debt - Subsequent to December 31, the Borough authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Authorization</u>
General Improvements		
Improvements to Stormwater Drainage System	05/23/19	\$ 142,500.00
Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	06/27/19	1,231,105.00
Various Road Improvements	06/27/19	52,250.00
Water Utility Improvements		
Various Capital Improvements	04/25/19	448,000.00

On May 15, 2019, the Borough authorized a Loan agreement with the New Jersey Infrastructure Bank ("I-Bank") to fund various improvements to the Borough's Drinking Water Infrastructure including, but not limited to, the replacement and/or installation of water mains and the replacement of fire hydrants at various locations. The loans are for a period of twenty nine years at interest rates ranging from 2%-5% with varying annual principal payments.

APPENDIX C

FORM OF BOND COUNSEL OPINION



August ____, 2020

Mayor and Borough Council
of the Borough of Bellmawr
21 East Browning Road
Bellmawr, New Jersey

RE: \$13,288,000 BOROUGH OF BELLMAWR, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2020

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Borough of Bellmawr, County of Camden, New Jersey ("Borough"). The Bonds consist of: (i) \$6,843,000 General Improvement Bonds; and (ii) \$6,445,000 Water Utility Bonds.

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) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on July 23, 2020 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July ____, 2020 ("Award Certificate").

The Bonds are dated August 13, 2020, mature on July 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable initially on January 15, 2021 and semi-annually thereafter on July 15 and January 15 in each year until maturity or earlier redemption.

<u>Year</u>	<u>General Improvement</u>	<u>Water Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Year</u>	<u>General Improvement</u>	<u>Water Utility</u>	<u>Combined</u>	<u>Interest Rate</u>
2021	\$358,000	\$175,000	\$533,000	%	2036	\$0	\$205,000	\$205,000	%
2022	365,000	165,000	530,000		2037	0	210,000	210,000	
2023	480,000	165,000	645,000		2038	0	215,000	215,000	
2024	690,000	165,000	855,000		2039	0	225,000	225,000	
2025	695,000	170,000	865,000		2040	0	230,000	230,000	
2026	705,000	170,000	875,000		2041	0	235,000	235,000	
2027	710,000	175,000	885,000		2042	0	240,000	240,000	
2028	710,000	175,000	885,000		2043	0	250,000	250,000	
2029	710,000	180,000	890,000		2044	0	255,000	255,000	
2030	710,000	185,000	895,000		2045	0	260,000	260,000	
2031	710,000	185,000	895,000		2046	0	270,000	270,000	
2032	0	190,000	190,000		2047	0	275,000	275,000	
2033	0	195,000	195,000		2048	0	285,000	285,000	
2034	0	200,000	200,000		2049	0	295,000	295,000	
2035	0	200,000	200,000		2050	0	300,000	300,000	

COUNSEL WHEN IT MATTERS.SM



The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to maturity as set forth therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various capital improvements by the repayment at maturity of a portion of the principal of certain bond anticipation notes previously issued by the Borough, (ii) permanently finance the costs of various capital improvements for which obligations have been authorized, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery 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 Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the Borough given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the Borough enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Bonds, the Borough has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Borough without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.



In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has *not* designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.



The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Borough and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of August, 2020 between the Borough of Bellmawr, County of Camden, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2020, in the principal amount of \$13,288,000 ("Bonds"). The Bonds consist of: (i) \$6,843,000 General Improvement Bonds; and (ii) \$6,445,000 Water Utility Bonds.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

"Annual Report" shall mean, the Borough's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Borough or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

"Official Statement" shall mean the Official Statement of the Borough dated July ____, 2020 relating to the Bonds.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Borough.

"Rule" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2020). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Borough, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Borough certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the Borough fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Borough advising of such failure. Whether or not such notice is given or received, if the Borough thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Borough) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the Borough's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Borough may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Borough are included in the Annual Report; and (ii) certain financial information and operating data of the Borough consisting of Borough indebtedness, property valuation information, and tax rate, levy and collection data. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New

Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Borough;
- (13) the consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, 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 obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Borough shall within eight (8) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an Opinion of Counsel.

¹ 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). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

(c) If the Dissemination Agent has been instructed by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Borough.

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the Borough under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Borough is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borough may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Borough shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borough from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borough chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the Borough to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Disclosure Agreement. A failure of the Borough to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Borough to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Bellmawr, County of Camden, New Jersey
21 East Browning Road
Bellmawr, New Jersey 08099
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive, Suite 410
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borough, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The Borough shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Borough or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application

of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

BOROUGH OF BELLMAWR, NEW JERSEY

By: _____
MARIA FASULO, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____
**JENNIFER G. EDWARDS,
Managing Director**

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Borough of Bellmawr, County of Camden, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2020

Date of Issuance of the Affected
Bond Issue: August __, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated August __, 2020, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: Borough of Bellmawr, New Jersey