

PRELIMINARY OFFICIAL STATEMENT DATED MAY 31, 2023

NEW ISSUE

NOT RATED

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 Notes (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 (the "Code"), and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Notes 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. See "TAX MATTERS" herein.

\$3,973,835

**BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A**

Consisting of:

\$3,228,300 General Capital Improvement Notes

\$745,535 Sewer Utility Notes

(BOOK-ENTRY ONLY) (NON-CALLABLE)

COUPON: ___% YIELD: ___% CUSIP*: _____

Dated: Date of Delivery

Due: June 20, 2024

The \$3,973,835 Bond Anticipation Notes of 2023, Series A (the "Notes"), are general obligations of the Borough of Runnemede, County of Camden, New Jersey (the "Borough"), payable from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein. The Notes consist of: (i) \$3,228,300 principal amount of General Capital Improvement Notes; and (ii) \$745,535 principal amount of Sewer Utility Notes.

The Notes will be issued as fully registered notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes.

Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent at the date of maturity. The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. Interest on the Notes will be payable at maturity. While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. The Notes are not subject to redemption prior to their stated maturity date.

The Notes 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 2018-08, 2019-08, 2019-09, 2020-08, 2020-13, 2021-05 and 2023-04, each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2023.

The Notes are being issued by the Borough to provide funds which will be used to: (i) currently refund, along with other available funds, the Borough's \$3,667,606 Bond Anticipation Notes of 2022, Series A, dated June 23, 2022, maturing on June 22, 2023; (ii) temporarily finance the costs of various capital improvements 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 Notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the 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 Counsel, Daniel H. Long, Esquire, Laurel Springs, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor to the Borough in connection with the Notes. The Notes are expected to be available for delivery in definitive form through DTC in New York, New York on or about June 21, 2023.

BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE BOROUGH ON JUNE 7, 2023 UNTIL 11:00 AM ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM. FOR MORE DETAILS ON HOW TO BID PLEASE VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET.

* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP numbers listed above for the Notes are being provided solely for the convenience of holders of the Notes only at the time of issuance of the Borough. The Borough does not make any representations with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity of the Note is subject to being changed after the issuance of the Note 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 Notes.

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

Elected Officials

Nick Kappatos	Mayor
Robert Farrell	Council Member
Eleanor M. Kelly	Council Member
Craig Laubenstein	Council Member
Patricia Tartaglia Passio	Council Member
John Ranieri	Council Member
Luis R. Cepero	Council Member

**Chief Financial Officer
Shelley A. Strehle**

**Borough Clerk
Joyce Pinto**

**Borough Attorney
Daniel H. Long, Esquire
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 Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the 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 the Underwriter or, as to information from sources other than itself, by the Borough. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

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

Upon issuance, the Notes 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 AND/OR PURCHASER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES 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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OFFICIAL STATEMENT
Relating to

\$3,973,835
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
Consisting of:
\$3,228,300 General Capital Improvement Notes
\$745,535 Sewer Utility Notes
(BOOK-ENTRY ONLY) (NON-CALLABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Runnemede in the County of Camden, New Jersey (the “Borough”), in connection with the sale and the issuance of its \$3,973,835 Bond Anticipation Notes of 2023, Series A (the “Notes”). The Notes consist of: (i) \$3,228,300 principal amount of General Capital Improvement Notes; and (ii) \$745,535 principal amount of Sewer Utility Notes. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

THE NOTES

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on the date and in the amount shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the front cover page hereof. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to their stated maturity date.

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC, if applicable. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to DTC or its nominee,

Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes 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 2018-08, 2019-08, 2019-09, 2020-08, 2020-13, 2021-05 and 2023-04 (collectively, the “Bond Ordinances”), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2023.

The Notes are being issued by the Borough to provide funds which will be used to: (i) currently refund, along with other available funds, the Borough’s \$3,667,606 Bond Anticipation Notes of 2022, Series A, dated June 23, 2022, maturing on June 22, 2023 (the “Prior Notes”); (ii) temporarily finance the costs of various capital improvements 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 Notes. The following table sets forth certain information with respect to the Bond Ordinances authorizing the Notes.

General Capital Improvement Notes

<u>Ordinance Number</u>	<u>Description</u>	Amount Authorized	Prior Notes Outstanding	Amount of Notes to be Issued
2018-08	Various Capital Improvements and the Acquisition of Various Capital Equipment	\$1,619,750	\$1,428,516	\$1,332,899
2019-08	Various Capital Improvements and the Acquisition of Various Capital Equipment	472,150	448,060	423,970
2020-08	Various Capital Improvements and the Acquisition of Various Capital Equipment	652,650	652,650	616,431
2021-05	Various Capital Improvements and the Acquisition of Various Capital Equipment	380,000	380,000	380,000
2023-04	Various Capital Improvements and the Acquisition of Various Capital Equipment	475,000	0	475,000
	Total:	\$3,599,550	\$2,909,226	\$3,228,300

Sewer Utility Notes

<u>Ordinance Number</u>	<u>Description</u>	Amount Authorized	Prior Notes Outstanding	Amount of Notes to be Issued
2019-09	Various Utility Improvements and the Acquisition of Various Utility Equipment	\$271,225	\$258,380	\$245,535
2020-13	Davis Road Sewer Extension Project	500,000	500,000	500,000
	Total:	\$771,225	\$758,380	\$745,535

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes 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 concerning these matters.

DTC will act as securities depository for the Notes. The Notes 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 certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Notes deposited by 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes 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 Notes, unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes 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 agent, 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 nor its nominee, agent, or the Borough, subject to any statutory or regulatory requirements as may be in effect

from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or agent, disbursement of such payments to Direct Participants is 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 Notes at any time by giving reasonable notice to the Borough or the agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

Discontinuation of Book-Entry Only System

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

In the event that the book-entry only system for the Notes is discontinued, the Borough has provided that upon receipt of the Note certificates from DTC and the Participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the Note certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding general obligations of the Borough and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. Unless paid from other sources, the Notes are payable from *ad valorem* taxes to be levied upon all the taxable real property within the Borough without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

The Borough may pledge only its own credit and taxing power in respect of the Notes, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Notes 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 Notes.

GENERAL INFORMATION REGARDING THE BOROUGH

General

The Borough is located in the County of Camden, New Jersey (the “County”). 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 compiled financial statements of the Borough for the year ended December 31, 2022 and also contains audited financial statements of the Borough for the years ended December 31, 2021, 2020, 2019, 2018 and 2017. The 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 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 (3.5%) 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 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 Notes, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits - Extensions of Credit – The Borough may exceed its debt limit with the approval of the State Department of Community Affairs, Division of Local Government Services, Local Finance Board (“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.

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

Local Fiscal Affairs Law

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

Each municipality 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 municipality’s financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2021 is on file with the Borough Clerk and is available for review during business hours, and is available online at the Borough’s website: www.Runnemedenj.org.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Annual Compiled Financial Statement for the year ended December 31, 2022 is on file with the Borough Clerk and is available for review during business hours, and is available online at the Borough’s website: www.Runnemedenj.org.

The Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State, 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 his approval thereof.

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

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

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

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (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 2.0% 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%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

In response to the outbreak of the Coronavirus (as defined and described under the heading “CERTAIN RISK FACTORS – Recent Healthcare Developments” below), the State Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from Coronavirus with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. 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 deficits and 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. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to Coronavirus. The Borough has made no appropriations for Coronavirus related deficits or expenses under this provision.

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 Notes.

Miscellaneous Revenues

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

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

Real Estate Taxes

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

Current Year Tax Levy and Reserve for Uncollected Taxes – The current year’s taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled “Reserve for Uncollected Taxes”, less the total of anticipated revenues. The inclusion of the “Reserve for Uncollected Taxes” appropriation in the current

year’s budget protects the municipality from taxes currently unpaid. The “Reserve for Uncollected Taxes” is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three 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:

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

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 the Division of Local Government Services in the Department of Community Affairs of a resolution of the governing body and subsequent approval therefrom.

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.

Deferral of Current Expenses

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

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

Budget Transfers

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

Operations of Utility

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For the utility, there is established a separate budget. The anticipated revenues and appropriations for the utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budget of the utility. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE 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 NOTES.

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 resulting in a decrease of the assessment ratio to its present level of 76.18%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last reassessment of property within the Borough was for the 2013 tax year.

Upon the filing of certified adopted budgets by the Borough, the local school district, the regional school district 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% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% 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 State Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Attorney for “in rem foreclosures” in order to acquire title to these properties.

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 State 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.

LITIGATION

To the knowledge of the Borough’s Attorney, Daniel H. Long, Esquire (the “Borough Attorney”), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes 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 Borough Attorney, no litigation is presently pending that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Notes 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 (the “Code”), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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 Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the “dividend equivalent amount” of such corporation.

In addition, passive investment income, including interest on the Notes, 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 its opinion, Bond Counsel has relied on the Borough’s covenants contained in the bond ordinances, and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Notes 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 Notes being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes 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, controlled foreign corporations, property and casualty insurance companies, 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 Notes 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 Notes 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 the 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 Notes.

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** designated the Notes as “qualified tax-exempt obligations” for the purposes of Section 265(b)(1) of the Code.

Owners of the Notes should consult their own tax advisors 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 Notes and any gain from the sale thereof are 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 Notes. 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 Notes.

PROSPECTIVE PURCHASERS OF THE NOTES 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 NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

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 (the “Rule”), the Borough has undertaken to file notice of certain enumerated events, pursuant to Information Reporting Undertaking Agreement for the Notes, substantially in the form set forth in Appendix “D” hereto.

As of the date hereof, the Borough has filed the necessary information pursuant to its outstanding continuing disclosure agreements with its previous undertakings. The Borough has appointed a Dissemination Agent to ensure future compliance with the Rule.

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.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"). A national emergency was declared by the President of the United States ("President") (which has since been terminated), to provide federal intervention for the mitigation of the Coronavirus as a public health emergency and to unlock federal funds and assistance to help states and local governments manage the pandemic. On March 9, 2020, the Governor of the State of New Jersey ("Governor") issued Executive Order 103, pursuant to which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak.

The federal Public Health Emergency was terminated on May 11, 2023, but the State of Emergency for the State remains in effect as of the date hereof. Other Executive Orders (some of which have since been modified or rescinded) limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. These measures, which impacted the behavior of businesses and individuals, have had any may continue to have impacts on regional, state, and local economies. See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by the President on March 12, 2021, and provided \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. The Plan included different forms of financial relief, including a direct stimulus payment to certain individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan also provided funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the Borough received \$868,749 in funding ("Plan Funds"). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough prior to the emergency; and (iv) make necessary investments in water,

sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

While the effects of COVID-19 have abated significantly in the State, the Borough cannot predict, and does not predict, whether or if the Coronavirus or any similar viral disease (including any variants or sub-variants thereof) may reemerge in the future and, if such reemergence occurs, what the effects thereof may have upon global, State-wide and local economies and operations, including that of the Borough.

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 cyber security training. In addition, the Borough maintains cyber liability insurance coverage to protect them in the event of cyber-attacks or other IT-related incidents.

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____, _____ (the “Underwriter”) at a price of \$ _____ (the “Purchase Price”). The Purchase Price reflects the par amount of the Notes plus a bid premium of \$ _____.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at yields higher than the public offering yield set forth on the front cover page of this Official Statement.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as municipal advisor to the Borough (the “Municipal Advisor”) with respect to the issuance of the Notes. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth in Appendix “C” hereto. Certain legal matters will be passed on for the Borough by the Borough Attorney.

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 stated herein) and will express no opinion relating thereto.

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

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 of the Borough, including the Notes, and such Notes are authorized security for any and all public deposits.

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 Notes by certificates signed by various officers and officials of the Borough upon issuance and delivery of the Notes.

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.

Bowman & Company LLP compiled Appendix “A” from information obtained from 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, Voorhees, New Jersey, only takes responsibility for the financial statements, appearing in Appendix “B” hereto.

Parker McCay P.A. 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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Shelley A. Strehle, Chief Financial Officer, Borough of Runnemede, at 856-939-5161, 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 Notes. 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 Notes 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.

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 of the Borough for and on behalf of the Borough.

BOROUGH OF RUNNEMEDE, NEW JERSEY

By: _____
SHELLEY A. STREAHLE, Chief Financial Officer

Dated: June __, 2023

APPENDIX A

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

GENERAL INFORMATION ON THE BOROUGH

History

The Borough of Runnemede ("Borough") was created by an act of legislature on April 24, 1926. The physical boundaries of the Borough remain unchanged since that time.

Throughout the years, the Borough has changed from an agricultural to a residential community. It has many residential areas, retail shops and a quality school system.

Borough Government

The Borough operates under a Mayor-Council form of government with the Mayor being elected every four years and six members of council who are elected to three year terms. The Mayor performs the executive duties and the Council performs the legislative duties.

NJ Civil Service Act

As of 2009, the Borough of Runnemede employment practices are governed by the NJ Civil Service Act.

Parks and Recreation

Biking, hiking, jogging and other outdoor and indoor facilities are provided by the Borough. Year round athletic programs and civic functions are under the direction of the Mayor and Council.

Police

The police department operates from headquarters in the municipal building and consists of the Chief of Police, one captain, one lieutenant, four sergeants, nine patrolmen and three special police officers. In addition the department employs one clerical personnel.

Public Works

The Borough highway department has the responsibility of street cleaning, road maintenance, snow removal and park and playground maintenance.

Water and Sewerage

Water is supplied to the majority of the community by New Jersey American Water Company. Sewerage is provided by the Borough.

Borough Employees

	<u>December 31,</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Full-time	40	42	44	44	44
Part-time	<u>75</u>	<u>84</u>	<u>83</u>	<u>83</u>	<u>73</u>
Total	<u>115</u>	<u>126</u>	<u>127</u>	<u>127</u>	<u>117</u>

Compensated Absences

Borough employees are entitled to one sick day per month of service in their first year of employment. Thereafter, fifteen days per year. Unused sick leave may be accumulated year to year without limit. Unused sick time has no monetary value at retirement. Borough employees are entitled to one vacation day per month of service in their first year. Thereafter, twelve days for year two through their tenth year of service; fifteen days after the completion of ten years through twenty years; twenty days after the completion of twenty years. Vacation leave not taken in a given year because of business demands shall accumulate and be granted during the next succeeding year only. Employees may be paid for current year accrued vacation time upon termination or retirement.

Employees may carry up to 480 hours of compensation time. Compensation time is payable upon termination or retirement. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Borough, Note 12 to Financial Statements.

Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in one of the three 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: Financial Statements of the Borough, Note 8 to Financial Statements.

Insurance Programs

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

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Public Officials Liability
- Casualty and Crime Coverage
- Property – Blanket Buildings and Grounds

Employee Collective Bargaining Units

The Borough of Runnemede FOP Lodge 56 represents 13 employees in the Police Department. The bargaining contract expires December 31, 2025.

The Government Workers Union represents 4 employees in the white collar clerical unit. The bargaining unit is currently in negotiations with a proposed expiration date of December 31, 2024.

The Government Workers Union represents 8 employees in the public works blue collar unit. The bargaining unit is currently in negotiations with a proposed expiration date of December 31, 2025.

The Camden County Uniform Firefighters Association IAFF Local I.A.F.F. Local 3249 represents 2 employees in the Fire Department. The bargaining contract expires December 31, 2024.

Population (1)

2020 Federal Census	8,324
2010 Federal Census	8,468
2000 Federal Census	8,533
1990 Federal Census	9,042
1980 Federal Census	9,461

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

Selected Census 2021 Data for the Borough (1)

Median household income	\$80,302
Per capita income	\$34,466

Labor Force(2)

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Borough					
Labor Force	4,122	4,353	4,382	4,383	4,435
Employment	3,933	4,171	3,931	4,072	4,264
Unemployment	189	182	451	311	171
Unemployment Rate	4.6%	4.2%	10.3%	7.1%	3.9%
County					
Labor Force	249,945	263,859	265,237	266,980	270,737
Employment	238,357	253,460	239,598	248,194	259,883
Unemployment	11,588	10,399	25,639	18,786	10,854
Unemployment Rate	4.6%	3.9%	9.7%	7.0%	4.0%
State					
Labor Force	4,455,500	4,522,200	4,495,200	4,666,200	4,739,700
Employment	4,278,300	4,367,300	4,055,300	4,357,000	4,565,400
Unemployment	177,200	154,900	439,900	309,100	174,200
Unemployment Rate	4.0%	3.4%	9.8%	6.6%	3.7%

Business, Industry and Transportation

Although the Borough is mainly a residential community, there are numerous industrial operations and retail establishments throughout the community.

Building, Zoning and Development Codes

Minimum land requirements for residential development varies but range from 20,000 square feet to 7,800 square feet for single family detached units. There are also zones designated for townhouses and flats at higher densities. There is a minimum requirement of 20,000 square feet of ground for industrial buildings. Commercial zoning minimum land requirements vary.

There have been revisions to the codes which have added new commercial/business and office development opportunities. Other revisions have been adopted to permit flexibility in the design and constructing of residential and commercial/industrial projects.

There are also subdivision and site plan ordinances which regulate the development of land in terms of required improvements. The Borough works with developers for business and industrial properties to assure that proposed developmental needs of the Borough and constraints of the site are all taken into consideration.

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

(2) Source: New Jersey Department of Labor

Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2023 (2)	127	\$34,030
2022	355	93,519
2021	434	113,696
2020	498	80,189
2019	753	126,590

TEN LARGEST PRIVATE SECTOR EMPLOYERS IN THE COUNTY(3)

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Virtua Health System	HealthCare	14,000
Cooper University Health System	HealthCare	8,700
Campbell Soup Company	Prepared Food Products	8,142
American Water Works	Utility	6,400
Kennedy Health System	HealthCare	4,470
Lockheed Martin	Communications, Technology	3,750
Our Lady of Lourdes Health System	HealthCare	3,500
Diocese of Camden County New Jersey	Services	3,000
Bancroft NeuroHealth	Education, Rehabilitation & Treatment Services	2,900
Global Aluminum (USA)	Materials	2,700

GENERAL INFORMATION ON THE SCHOOL DISTRICT(4)**Education**

The Board of Education of the Borough of Runnemede consists of three elementary schools, grades K-8. Students 9-12 attend one of the three high schools of the Black Horse Pike Regional School District.

(1) Source: Borough Construction Office

(2) As of May 1, 2023

(3) Internet

(4) Source: School District Officials

School District Enrollments(1)

<u>Grade</u>	<u>June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Pre-School	96	82	99	62	54
K	69	88	78	77	97
1	88	71	74	90	92
2	69	73	91	87	92
3	66	85	88	90	78
4	81	90	89	79	80
5	86	85	84	88	91
6	83	83	87	92	83
7	78	87	91	85	82
8	89	93	86	90	98
Special Education Out of District	<u>5</u>	<u>6</u>	<u>8</u>	<u>5</u>	<u>9</u>
Totals	<u>810</u>	<u>843</u>	<u>875</u>	<u>845</u>	<u>856</u>

Present School Facilities, Enrollment and Capacity(1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2022</u>	<u>Functional Capacity</u>
Downing	1929	---	K-3	133	284
Bingham	1931	1998	K-3, Spec. Ed.	176	338
Mary E. Volz	1957	1974, 1998	PreK, 4-8, Spec. Ed.	510	661
				<u>819</u> (2)	<u>1,283</u>

Black Horse Pike Regional School District Enrollments (3)(4)

<u>Grade</u>	<u>October 15,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
9	87	85	66	65	70
10	84	65	68	70	67
11	71	67	69	63	64
12	67	73	62	68	58
Spec. Ed.	<u>53</u>	<u>50</u>	<u>44</u>	<u>45</u>	<u>37</u>
Totals	<u>362</u>	<u>340</u>	<u>309</u>	<u>311</u>	<u>296</u>

- (1) Source: School District Officials
 (2) Total does not include out of district students
 (3) Source: Regional School District Officials
 (4) Runnemedede Borough students only.

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), 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 2020-2021 school year, there were approximately 5,501 undergraduate students and 1,728 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 Camden County Board of Commissioners 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 Spring of 2022, full time enrollment was 3,054 and part-time enrollment was 7,688 for a total of 10,742.

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 over 30 career programs from which to choose. For the 2020-2021 school year, 1,464 students are enrolled at the Gloucester Township Campus, and 784 at the Pennsauken Campus, including 260 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.

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2023	
		<u>Assessed</u>	<u>Valuation</u>
GKI Infill Philadelphia, LLC	Industrial	\$	13,026,500
TNJ Properties, LLC	Apartments		10,205,100
The Meadows at Runnemede Investors	Apartments		10,056,800
EIL Investments, LP	Plaza		6,714,000
East Coast Enterprises, Inc.	Beauty Salon Supplier		3,273,600
Hartford Plaza LTD, LP	Apartments		3,204,400
GA Nanak Investors, LLC	Plaza		3,000,000
Runnemede Associates	Retail Automotive Dealer		2,966,500
Runnemede Equities, LLC	Retail and Urgent Care		2,459,000
HDDA Runnemede, LLC	Hotel		2,400,000

CURRENT TAX COLLECTIONS (3)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Year-end</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (2)	\$ 21,324,993	\$ 21,025,446	98.60%	\$ 287,297	1.35%
2021	20,840,789	20,566,315	98.68%	259,283	1.24%
2020	20,576,985	20,182,423	98.08%	249,435	1.24%
2019	20,184,218	19,707,020	97.64%	467,861	2.37%
2018	19,774,031	19,447,549	98.35%	321,313	1.62%

DELINQUENT TAXES (3)

<u>Year</u>	<u>Outstanding Beginning</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Year-end</u>
			<u>Amount</u>	<u>Percentage</u>			
2022 (2)	\$ 259,308	\$ 8,447	\$ 267,730	99.99%	\$ -	\$ 25	\$ -
2021	249,435	7,714	254,389	98.93%	2,235	500	25
2020	468,636	24,066	346,392	70.30%	146,285	25	-
2019	321,566	12,516	328,631	98.37%	3,926	750	775
2018	315,345	9,000	313,718	96.72%	10,375	-	252

(1) Source: Borough Tax Assessor's Office
 (2) Information from Annual Compiled Financial Statement
 (3) Source: Annual Reports of Audit, unless otherwise noted

TAX TITLE LIENS (1)

<u>Year</u>		<u>Balance</u> <u>Beginning</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Cancellations</u> <u>and Transfers</u>	<u>Balance</u> <u>Year-end</u>
2022	(2) \$	117,084	\$ 9,035	\$ -	\$ -	\$ 126,119
2021		106,027	11,057	-	-	117,084
2020		110,585	316,796	321,354	-	106,027
2019		94,490	31,149	15,054	-	110,585
2018		77,160	17,657	327	-	94,490

FORECLOSED PROPERTY (1)(3)

<u>Year</u>		<u>Balance</u> <u>Beginning</u>	<u>Added By</u> <u>Transfer</u>	<u>Adjustments</u>	<u>Balance</u> <u>Year-End</u>
2022	(2) \$	23,818	\$ -	\$ -	\$ 23,818
2021		23,818	-	-	23,818
2020		23,818	-	-	23,818
2019		23,818	-	-	23,818
2018		23,818	-	-	23,818

CURRENT SEWER COLLECTIONS(1)

<u>Year</u>		<u>Beginning</u> <u>Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u> <u>Amount</u>	<u>Percentage</u>	<u>Outstanding Dec. 31</u> <u>Amount</u>	<u>Percentage</u>
2022	(2) \$	42,024	\$ 875,449	\$ 858,650	98.08%	\$ 58,640	6.70%
2021		63,559	871,821	893,356	102.47%	42,024	4.82%
2020		78,407	874,424	832,245	95.18%	63,559	7.64%
2019		57,370	845,708	824,671	97.51%	78,407	9.51%
2018		55,071	774,541	769,652	99.37%	57,370	7.41%

(1) Source: Annual Reports of Audit, unless otherwise noted.

(2) Information from Annual Compiled Financial Statement

(3) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES

Tax Rate (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Regional</u>			
			<u>County</u>	<u>Local School</u>	<u>High School</u>	<u>Municipal</u>
2023	\$ 503,421,076	N/A	N/A	N/A	N/A	N/A
2022	502,734,992	\$ 4.230	\$ 0.871	\$ 1.511	\$ 0.660	\$ 1.188
2021	503,453,134	4.130	0.874	1.498	0.609	1.149
2020	502,268,362	4.089	0.847	1.494	0.609	1.139
2019	502,196,379	4.014	0.842	1.472	0.604	1.096

**RATIO OF ASSESSED VALUATION TO TRUE VALUE AND
TRUE VALUE PER CAPITAL(2)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita</u>
2023	\$ 503,421,000	76.18%	\$ 660,830,927	\$ 79,389 (3)
2022	501,676,200	84.82%	591,459,797	71,055 (3)
2021	502,315,700	91.12%	551,268,327	66,226 (3)
2020	501,172,900	94.62%	529,669,097	63,632 (3)
2019	501,096,400	97.40%	514,472,690	60,755 (4)

REAL PROPERTY CLASSIFICATION(5)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>					
	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	
2023	\$ 3,627,800	\$ 385,245,800	\$ 69,102,200	\$ 18,726,200	\$ 26,719,000	
2022	501,676,200	3,570,500	383,103,000	69,557,500	18,726,200	26,719,000
2021	502,315,700	3,779,700	382,933,100	70,157,700	18,726,200	26,719,000
2020	501,172,900	3,753,600	381,654,200	72,649,000	16,397,100	26,719,000
2019	501,096,400	3,867,600	380,498,600	73,614,100	16,397,100	26,719,000

(1) per \$100 of assessed valuation

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

(3) Based on Federal Census 2020 of 8,324

(4) Based on Federal Census 2010 of 8,468

(5) Source: Borough Tax Assessor's Office

**BOROUGH OF RUNNEMEDE
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the Borough as of December 31, 2022, 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 and debt of the Sewer Utility. Deductions from gross debt to arrive at net debt include reserve for payment of bonds, New Jersey transportation trust, as well as, debt considered to be self-liquidating. The resulting net debt of \$8,149,306 represents 1.358% 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		Debt Auth. But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds/Loans	Notes			Self- Liquidating	Reserve for Payment of Bonds	NJ Transportation Trust	
General	\$ 5,243,002	\$ 2,909,226	\$ 96,867	\$ 8,249,095		\$ 3	\$ 99,786	\$ 8,149,306
Sewer Utility	1,972,320	758,380	7,250,500	9,981,200	\$ 9,981,200			
	<u>\$ 7,215,322</u>	<u>\$ 3,667,606</u>	<u>\$ 7,347,367</u>	<u>\$ 18,230,295</u>	<u>\$ 9,981,200</u>	<u>\$ 3</u>	<u>\$ 99,786</u>	<u>\$ 8,149,306</u>

(1) As of December 31, 2022

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	\$	600,256,155
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022		1.358%
2023 Net Valuation Taxable	\$	503,421,076
2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	660,831,003
Gross Debt (2)		
As a Percentage of 2023 Net Valuation Taxable		3.62%
As a Percentage of 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		2.76%
Net Debt (2)		
As a Percentage of 2023 Net Valuation Taxable		1.62%
As a Percentage of 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.23%
Gross Debt per Capita(3)	\$	2,190
Net Debt per Capita(3)	\$	979

(1) As of December 31, 2022

(2) Excluding overlapping debt

(3) Based on 2020 Federal Census of 8,324

BOROUGH BORROWING CAPACITY(1)

3.5% of Average (2020-22) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$600,256,155)	\$ 21,008,965
Net Debt	<u>(8,149,306)</u>
Remaining Borrowing Capacity	<u>\$ 12,859,659</u>

LOCAL SCHOOL BORROWING CAPACITY(1)

3% of Average (2020-22) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$600,256,155)	\$ 18,007,685
Local School Debt	<u>-</u>
Remaining Borrowing Capacity	<u>\$ 18,007,685</u>

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY(1)

3% of Average (2020-22) Equalized Valuation of Real Property with Improvements Including Improvements (\$6,562,140,715)	\$ 196,864,221
Regional School Debt (2)	<u>-</u>
Remaining Borrowing Capacity	<u>\$ 196,864,221</u>

(1) As of December 31, 2022

(2) Debt portion allocated to the Borough is \$0

**BOROUGH OF RUNNEMEDE
OVERLAPPING DEBT
AS OF DECEMBER 31, 2022**

	DEBT ISSUED				
	Debt		Net	Net Debt	Debt Auth. but not Issued
	<u>Outstanding</u>	<u>Deductions</u>	<u>Debt</u> <u>Outstanding</u>	<u>Outstanding</u> <u>Allocated to</u> <u>the Issuer</u>	
County of Camden(1):					
General:					
Bonds	\$ 64,387,267	\$ 22,237,615 (2)	\$ 42,149,652	\$ 580,401 (4)	\$ 71,990,250
Notes	42,980,000		42,980,000	591,835 (4)	
Loan Agreements	347,760,000		347,760,000	4,788,655 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	223,550,595	223,550,595 (3)			
	<u>\$ 678,677,862</u>	<u>\$ 245,788,210</u>	<u>\$ 432,889,652</u>	<u>\$ 5,960,891</u>	<u>\$ 71,990,250</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 2022 Net Valuation on which County taxes are apportioned, which is 1.37%.

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, 2022 for the CCMUA was \$193,185,104. 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, 2022 was \$373,752,238.

**BOROUGH OF RUNNEMEDE
SCHEDULE OF BOROUGH DEBT SERVICE
(BONDED DEBT ONLY)**

Existing Debt (1)

Year	General Debt			Sewer Debt			Grand Total
	Interest	Principal	Total	Interest	Principal	Total	
2023	\$ 144,047	\$ 470,000	\$ 614,047	\$ 42,431	\$ 30,000	\$ 72,431	\$ 686,478
2024	131,188	480,000	611,188	41,388	55,000	96,388	707,575
2025	117,550	490,000	607,550	40,013	55,000	95,013	702,563
2026	103,400	500,000	603,400	38,638	55,000	93,638	697,038
2027	88,613	515,000	603,613	37,125	55,000	92,125	695,738
2028	73,013	530,000	603,013	35,475	55,000	90,475	693,488
2029	56,963	545,000	601,963	33,825	55,000	88,825	690,788
2030	40,388	560,000	600,388	32,175	55,000	87,175	687,563
2031	22,900	575,000	597,900	30,525	55,000	85,525	683,425
2032	3,900	260,000	263,900	28,875	55,000	83,875	347,775
2033				27,225	55,000	82,225	82,225
2034				25,575	55,000	80,575	80,575
2035				23,925	55,000	78,925	78,925
2036				22,275	55,000	77,275	77,275
2037				20,625	55,000	75,625	75,625
2038				18,975	55,000	73,975	73,975
2039				17,325	55,000	72,325	72,325
2040				15,675	55,000	70,675	70,675
2041				14,025	55,000	69,025	69,025
2042				12,375	55,000	67,375	67,375
2043				10,725	55,000	65,725	65,725
2044				9,075	55,000	64,075	64,075
2045				7,425	55,000	62,425	62,425
2046				5,775	55,000	60,775	60,775
2047				4,125	55,000	59,125	59,125
2048				2,475	55,000	57,475	57,475
2049				825	55,000	55,825	55,825
	\$ 781,959	\$ 4,925,000	\$ 5,706,959	\$ 598,894	\$ 1,460,000	\$ 2,058,894	\$ 7,765,853

(1) As of December 31, 2022, excluding NJEIT Loans in the amount of \$512,320 and a Green Acres Loan in the amount of \$318,002.

Source: Borough Auditor

BOROUGH OF RUNNEMEDE
2023 MUNICIPAL BUDGET (1)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 795,000
Miscellaneous Revenues:	
Local Revenues	292,319
State Aid without Offsetting Appropriations	939,590
Shared Service Agreements	350,256
Additional Revenues	62,198
Public and Private Programs Offset with Appropriations	345,585
Other Special Items of Revenue	662,745
Receipts from Delinquent Taxes	250,000
Amount to be Raised by Taxation for Municipal Purposes	<u>6,228,645</u>
Total Anticipated Revenues	<u><u>\$ 9,926,336</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 6,463,206
Deferred Charges and Statutory Expenditures	958,980
Excluded from CAPS:	
Other Operations	458,211
Shared Service Agreements	475,905
Public and Private Programs	129,758
Capital Improvements	262,210
Debt Service	870,305
Reserve for Uncollected Taxes	<u>307,761</u>
Total Appropriations	<u><u>\$ 9,926,336</u></u>

SEWER UTILITY

Anticipated Revenues:	
Operating Surplus	\$ 206,300
Rents	830,000
Miscellaneous	<u>14,300</u>
Total Anticipated Revenues	<u><u>\$ 1,050,600</u></u>
Appropriations:	
Operating	\$ 685,789
Debt Service	327,611
Deferred Charges and Statutory Expenditures	<u>37,200</u>
Total Appropriations	<u><u>\$ 1,050,600</u></u>

(1) 2023 Adopted Budget.

**BOROUGH OF RUNNEMEDE
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2023 - 2025 (1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>	
			<u>General</u>	<u>Self Liquidating</u>
General Capital:				
Road Infrastructure Improvements	\$ 325,000	\$ 16,250	\$ 308,750	
Public Building Renovations	475,000	23,750	451,250	
Public Safety Emergency Equipment	100,000	5,000	95,000	
Public Works Equipment	70,000	3,500	66,500	
Environment Remediation Public Building	200,000	10,000	190,000	
Software and Equipment	30,000	1,500	28,500	
Totals--All Projects	<u>\$ 1,200,000</u>	<u>\$ 60,000</u>	<u>\$ 1,140,000</u>	<u>\$ -</u>

(1) 2023 Adopted Budget.

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF RUNNEMEDE

FOR THE YEAR ENDED 2022
COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Runnemede
Runnemede, New Jersey 08078

Management is responsible for the accompanying financial statements of the Borough of Runnemede, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2022 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 to 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/ Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 28, 2023

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis
As of December 31, 2022

ASSETS

Regular Fund:

Cash	\$ 2,883,880.37
Cash--Change Funds	<u>400.00</u>
	<u>2,884,280.37</u>

Receivable with Full Reserves:

Delinquent Property Taxes Receivable	287,296.79
Tax Title Liens Receivable	126,118.94
Property Acquired for Taxes--Assessed Valuation	23,817.50
Due from Municipal Court	247.35
Prepaid County Taxes	0.11
Prepaid Local District School Tax	2.51
Prepaid Regional High School Tax	29.58
Due from Trust Other Fund	29,789.68
Due from General Capital Fund	13,052.72
Accounts Receivable - Other	270.55
Due from Bank	3,540.80
Due Camden County Utility Authority	2,238.40
Accounts Receivable - Transportation Trust Fund Aid	<u>63,837.90</u>
	<u>550,242.83</u>
	<u>3,434,523.20</u>

Federal and State Grant Fund:

Cash	314,560.69
Federal and State Grant Receivable	<u>253,184.81</u>
	<u>567,745.50</u>
	<u>\$ 4,002,268.70</u>

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis
As of December 31, 2022

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$	407,416.21
Reserve for Encumbrances		382,343.52
Unallocated Receipts		883.75
Due to State of New Jersey (Ch. 73, P.L. 1976)		109,233.45
Prepaid Taxes		127,408.40
Tax Overpayments		26,058.35
Accounts Payable		90,553.45
Contracts Payable		24,279.08
Due County for Added and Omitted Taxes		10,932.29
Reserve for Reassessment Program		11,805.86
Reserve for Codification of Ordinances		1,240.96
Reserve for Sale of Municipal Assets		7,535.50
Reserve for Municipal Relief Fund Aid		46,278.72
Due Community Development Block Grant		30,157.34

1,276,126.88

Reserve for Receivables and Other Assets		550,242.83
Fund Balance		1,608,153.49

3,434,523.20

Federal and State Grant Fund:

Due to General Capital Fund		258,000.00
Reserve for Encumbrances		19,105.81
Federal and State Grants Unappropriated		96,413.19
Federal and State Grants Appropriated		194,226.50

567,745.50

\$ 4,002,268.70

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statement of Operations and Changes in Fund Balance--Regulatory Basis
For the Year Ended December 31, 2022

Revenue and Other Income Realized

Fund Balance Utilized	\$ 679,000.00
Miscellaneous Revenue Anticipated	3,152,915.12
Receipts from Delinquent Taxes	267,730.27
Receipts from Current Taxes	21,025,446.27
Non-Budget Revenue	389,988.04
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	472,738.89
Reserves Liquidated:	
Prepaid Regional School Taxes	2.00
Due from Trust Other Fund	9,856.45
Due from CDBG Trust Fund	42,200.00
	26,039,877.04
 Total Income	 26,039,877.04

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS"	
Salaries and Wages	2,897,131.74
Other Expenses	3,416,187.62
Deferred Charges and Statutory Expenditures-- Municipal--Within "CAPS"	938,189.00
Operations--Excluded from "CAPS"	
Salaries and Wages	395,675.15
Other Expenses	534,316.06
Capital Improvements--Excluded from "CAPS"	680,000.00
Municipal Debt Service--Excluded from "CAPS"	799,950.43
County Taxes	4,378,418.09
Due County for Added and Omitted Taxes	10,932.29
Local District School Tax	7,597,679.00
Regional High School Tax	3,316,756.00
Senior Citizens' Deductions Disallowed by Collector - Prior Years	8,447.49
Reserves Created:	
Due Camden County Utility Authority	502.31
Prepaid Local School Taxes	0.52
Due from General Capital Fund	13,052.72
	24,987,238.42
 Total Expenditures	 24,987,238.42

Excess in Revenue	1,052,638.62
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Fund Balance

Balance Jan. 1	1,234,514.87
	2,287,153.49
Decreased by:	
Utilized as Revenue	679,000.00
	1,608,153.49
Balance Dec. 31	\$ 1,608,153.49

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
TRUST FUND
Statement of Assets, Liabilities and Reserves--Regulatory Basis
As of December 31, 2022

ASSETS

Animal Control Fund:	
Cash	<u>\$ 1,355.45</u>
Other Funds:	
Cash	<u>1,353,488.04</u>
Community Development Block Grant Fund:	
Due Current Fund	30,157.34
Community Development Block Grant Receivable	<u>233,000.00</u>
	<u>263,157.34</u>
	<u><u>\$ 1,618,000.83</u></u>

LIABILITIES AND RESERVES

Animal Control Fund:	
Reserve for Animal Control Expenditures	<u>\$ 1,355.45</u>
Other Funds:	
Due State of NJ - Marriage License Fees	
Street Opening Deposits	71,752.32
Deposits - Due to Contractor	2,200.00
Miscellaneous Trust Liabilities and Reserves:	
Accumulated Absences	17,862.24
Uniform Construction Code	89,016.06
New Jersey Unemployment Compensation	79,120.35
Planning Board Escrow	117,847.92
Tax Title Lien Redemption	855,868.19
Parking Offenses Adjudication Act - POAA	767.34
Special Law Enforcement Fund	3,581.14
Funds Held in Escrow	1,350.94
Recreation Facility Escrow	7,089.27
Forfeited Property	3,547.40
Public Defender Fees	1,782.91
Payroll Deductions Payable	5,594.71
Storm Recovery	1,292.76
Uniform Fire Safety	8,219.52
Municipal Alliance Contributions	3,637.04
Outside Employment of Municipal Police	53,168.25
Due Current Fund	<u>29,789.68</u>
	<u>1,353,488.04</u>
Community Development Block Grant Fund:	
Reserve for Community Development Block Grant	<u>263,157.34</u>
	<u><u>\$ 1,618,000.83</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2022

ASSETS

Cash	\$	215,323.37
Deferred Charges to Future Taxation:		
Funded		5,243,002.05
Unfunded		3,006,093.00
State Aid Receivable -- New Jersey		
Transportation Trust Fund Authority Act		185,065.50
Note Receivable -- Runsen House		300,000.00
Due from Federal and State Grant Fund		258,000.00
		258,000.00
	\$	9,207,483.92

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds	\$	4,925,000.00
Bond Anticipation Notes		2,909,226.00
Green Acres Loan Payable		318,002.05
Improvement Authorizations:		
Funded		172,224.13
Unfunded		85,116.04
Reserves for Encumbrances		348,211.76
Due to Current Fund		13,052.72
Capital Improvement Fund		350.00
Reserve for State Aid Receivable -- New Jersey		
Transportation Trust Fund Authority Act - Ord. #95-3;96-13		99,785.50
Reserve for Note Receivable -- Runsen House		300,000.00
Reserve for the Payment of Bonds		3.41
Fund Balance		36,512.31
		36,512.31
	\$	9,207,483.92

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

ASSETS

Operating Fund:

Cash	\$ 457,999.13
Due Sewer Utility Capital Fund	47,500.00
Prepaid Debt Service	10,370.00
Receivables with Full Reserves:	
Due from Bank	165.73
Sewer Rents Receivable	58,639.50
Sewer Liens Receivable	982.27
	<hr/>
	575,656.63
	<hr/>

Capital Fund:

Cash	7,274.63
Fixed Capital	3,730,058.49
Fixed Capital Authorized and Uncompleted	11,462,397.00
NJEIT Loan Receivable	234,328.00
	<hr/>
	15,434,058.12
	<hr/>
	\$ 16,009,714.75
	<hr/> <hr/>

BOROUGH OF RUNNEMEDE
SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:

Liabilities:

Reserves for Encumbrances	\$ 69,389.49
Appropriation Reserves	25,070.52
Accounts Payable	7,760.78
Accrued Interest on Bonds and Notes	32,189.95
Escrow Deposits	2,661.20
	137,071.94

Reserve for Receivables	59,787.50
Fund Balance	378,797.19
	575,656.63

Capital Fund:

Improvement Authorizations:

Funded	
Unfunded	7,322,004.62
Due Sewer Utility Operating Fund	47,500.00
Bond Anticipation Notes	758,380.00
Loans Payable	512,319.56
Serial Bonds	1,460,000.00
Capital Improvement Fund	725.00
Reserves for Encumbrances	121,873.01
Reserve for Deferred Amortization	12,845.00
Reserve for Amortization	5,198,410.93
	15,434,058.12

\$ 16,009,714.75

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
SEWER UTILITY OPERATING FUND
Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2022

REVENUE AND OTHER INCOME REALIZED:

Fund Balance Anticipated	\$ 97,709.00
Sewer Rents	862,442.70
Miscellaneous	14,370.27
Other Credits to Income:	
Unexpended Balance to Appropriation Reserves	140,233.92
Total Income	1,114,755.89

EXPENDITURES:

Operating	646,550.00
Debt Service	261,642.05
Deferred Charges and Statutory Expenditures	32,000.00
Total Expenditures	940,192.05
Excess in Revenues	174,563.84

FUND BALANCE:

Balance January 1	301,942.35
	476,506.19
Decreased by:	
Utilized as Revenue	97,709.00
Balance December 31	\$ 378,797.19

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
Selected Information - Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Runnemede (hereafter referred to as the "Borough") is a New Jersey Municipal Corporation located in the County of Camden, approximately fifteen miles southeast of the City of Philadelphia. The population according to the 2020 census is 8,324.

The Borough has a Mayor-Council form of government where the Mayor is separately elected to a four-year term. The Council consists of six members elected to three-year terms. However, executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Component Units - The financial statements of the component units of the Borough are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Runnemede Free Public Library
Broadway and Elm Avenue
Runnemede, New Jersey 08078

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

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.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer 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.

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

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.

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.

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

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 sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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 Runnemede 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 municipality is responsible for levying, collecting and remitting school taxes for the Borough of Runnemede 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 and regional high school districts for the period from January 1 to December 31.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Runnemede Free Public Library. The amount of library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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 immediately 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.

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

Expenditures (Cont'd) - 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.

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 2021, 2020, 2019, 2018 AND 2017

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Runnemede
Runnemede, New Jersey 08078

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Runnemede, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, 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.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Runnemede, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, 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.

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* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Borough of Runnemede, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 and pervasive.

Responsibilities of Management 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Bowman & Company LLP".

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in cursive script that reads "Michael D. Cesaro".

Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 29, 2022

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 2,961,709.58	\$ 3,575,991.66	\$ 2,734,826.30	\$ 1,991,896.49	\$ 2,418,301.46
Cash--Change Funds	400.00	400.00	400.00	400.00	400.00
Delinquent Property Taxes Receivable	259,307.78	249,434.98	468,636.16	321,565.64	315,345.39
Tax Title Liens Receivable	117,083.66	106,026.68	110,584.92	94,489.67	77,159.63
Property Acquired for Taxes--Assessed Valuation	23,817.50	23,817.50	23,817.50	23,817.50	23,817.50
Revenue Accounts Receivable	6,383.94	4,517.81	9,861.88	10,403.18	7,719.40
Due from Municipal Court	247.35	247.35	247.35	247.35	247.35
Prepaid County Taxes	0.11	0.11	0.11	0.11	0.11
Prepaid Local District School Tax	1.99		2.47	1.97	1.99
Prepaid Regional High School Taxes	31.58	26.58	24.58	29.58	29.58
Interfunds Receivable	246,533.38		2,506.56	165,404.63	79,622.85
Accounts Receivable - Other	270.55	270.55	270.55	270.55	270.55
Due from Bank	3,540.80	3,540.80	3,540.80	3,540.80	3,540.80
Due Camden County Utility Authority	1,736.09	1,736.09	1,736.09	1,736.09	1,736.09
Accounts Receivable - Transportation Trust Fund Aid	63,837.90	63,837.90	63,837.90	63,837.90	63,837.90
Deferred Charges				95,000.00	
Federal and State Grant Receivable	209,556.19	275,722.99	496,338.74	116,341.64	130,222.84
	<u>\$ 3,894,458.40</u>	<u>\$ 4,305,571.00</u>	<u>\$ 3,916,631.91</u>	<u>\$ 2,888,983.10</u>	<u>\$ 3,122,253.44</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Appropriation Reserves	\$ 368,865.02	\$ 531,972.35	\$ 399,097.49	\$ 433,646.43	\$ 219,888.66
Reserve for Encumbrances	554,375.77	200,541.01	492,968.95	135,578.68	221,142.72
Unallocated Receipts	883.75	883.75	883.75	883.75	883.75
Due to State of New Jersey (Ch. 73, P.L. 1976)	107,702.63	105,452.63	102,182.01	101,824.89	101,556.05
Prepaid Taxes	154,157.20	173,119.92	176,990.61	151,929.61	195,961.20
Tax Overpayments	31,134.12	19,654.12	15,743.09	10,042.70	10,145.56
Local School Taxes Payable		628,424.76			
Accounts Payable	58,886.09	51,521.41	34,243.46	10,651.77	17,922.68
Contracts Payable	24,279.08	24,279.08	24,279.08	24,279.08	24,279.08
Due County for Added and Omitted Taxes	10,194.74	8,134.36	5,465.93	3,022.84	1,264.50
Reserve for Reassessment Program	11,805.86	11,805.86	11,805.86	11,805.86	11,805.86
Reserve for Codification of Ordinances	1,240.96	1,240.96	1,240.96	1,240.96	1,240.96
Reserve for Sale of Municipal Assets	7,535.50	7,535.50	7,535.50	7,535.50	7,535.50
Interfunds Payable	113,312.75	273,976.72	258,000.00	208,000.00	150,000.00
Reserve for Receivables and Other Assets	558,105.38	453,456.35	685,066.87	685,344.97	573,329.14
Reserve for Federal and State Grants	657,464.68	212,187.19	446,552.73	147,766.48	350,457.08
Fund Balance	1,234,514.87	1,601,385.03	1,254,575.62	955,429.58	1,234,840.70
	<u>\$ 3,894,458.40</u>	<u>\$ 4,305,571.00</u>	<u>\$ 3,916,631.91</u>	<u>\$ 2,888,983.10</u>	<u>\$ 3,122,253.44</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	For the Years Ended December 31,				
	2021	2020	2019	2018	2017
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 875,000.00	\$ 650,000.00	\$ 565,000.00	\$ 742,750.00	\$ 759,085.00
Miscellaneous Revenue Anticipated	2,511,595.50	2,224,195.69	3,018,846.79	2,784,803.50	2,078,122.42
Receipts from Delinquent Taxes	254,388.56	667,745.81	343,685.19	314,044.89	297,432.28
Receipts from Current Taxes	20,566,315.21	20,182,423.25	19,707,020.16	19,447,548.81	19,009,578.69
Non-Budget Revenue	137,274.45	179,514.93	184,541.57	90,818.96	177,684.49
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	455,323.90	297,671.89	364,788.52	148,780.94	26,940.23
Refund of Prior Year Expenditures				7,009.24	
Reserves Liquidated	15,599.38	2,509.03	165,409.63	79,622.87	8,178.43
Total Income	24,815,497.00	24,204,060.60	24,349,291.86	23,615,379.21	22,357,021.54
<u>Expenditures</u>					
Budget and Emergency Appropriations:					
Operating	7,565,555.14	6,837,915.41	7,363,043.51	7,048,674.90	6,195,258.95
Deferred Charges and Statutory Expenditures--					
Municipal--Within "CAPS"	933,587.00	848,726.00	839,015.75	789,293.53	775,697.00
Capital Improvements--Excluded from "CAPS"	20,000.00	34,350.00	25,000.00	85,250.00	25,000.00
Municipal Debt Service--Excluded from "CAPS"	681,124.05	656,064.93	492,244.41	672,748.19	646,648.37
Emergency Authorizations - Excluded from "CAPS"			95,000.00		149,000.00
County Taxes	4,401,058.21	4,251,692.03	4,222,875.78	4,326,145.24	4,243,024.17
Due County for Added and Omitted Taxes	10,194.74	8,134.36	5,465.93	3,022.84	1,264.50
Local District School Tax	7,541,121.00	7,503,789.00	7,393,255.00	7,248,290.00	7,106,167.00
Regional High School Tax	3,065,160.00	3,059,359.00	3,034,222.00	2,899,211.00	2,767,883.00
Senior Citizens' Deductions Disallowed by Collector - Prior Year	7,713.90	7,218.46	12,516.38	9,000.00	13,350.40
Reserves Created	81,853.12	2.00	2,507.06	165,404.63	
Total Expenditures	24,307,367.16	23,207,251.19	23,485,145.82	23,247,040.33	21,923,293.39
Excess in Revenue	508,129.84	996,809.41	864,146.04	368,338.88	433,728.15
Adjustment to income Before Fund Balance:					
Expenditures Included Above which are by Statute Deferred					
Charged to Budget of Succeeding Year				95,000.00	
	508,129.84	996,809.41	864,146.04	463,338.88	433,728.15
<u>Fund Balance</u>					
Balance Jan. 1	1,601,385.03	1,254,575.62	955,429.58	1,234,840.70	1,560,197.55
Decreased by:	2,109,514.87	2,251,385.03	1,819,575.62	1,698,179.58	1,993,925.70
Utilized as Revenue	875,000.00	650,000.00	565,000.00	742,750.00	759,085.00
Balance Dec. 31	\$ 1,234,514.87	\$ 1,601,385.03	\$ 1,254,575.62	\$ 955,429.58	\$ 1,234,840.70

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
TRUST FUND
Statements of Assets, Liabilities and Reserves--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:					
Cash	\$ 2,305.28	\$ 5,680.77	\$ 11,596.03	\$ 17,656.55	\$ 22,647.37
Other Funds:					
Cash	1,149,830.93	1,131,998.38	1,182,018.91	1,047,119.60	1,299,333.99
Interfunds Receivable		15,976.72		8,068.92	8,068.92
	<u>1,149,830.93</u>	<u>1,147,975.10</u>	<u>1,182,018.91</u>	<u>1,055,188.52</u>	<u>1,307,402.91</u>
Community Development Block Grant Fund:					
Cash		45,119.88	59,381.34	25,598.44	29,248.20
Interfunds Receivable	30,157.34				
Community Development Block Grant Receivable	250,000.00			250,000.00	217,000.00
	<u>280,157.34</u>	<u>45,119.88</u>	<u>59,381.34</u>	<u>275,598.44</u>	<u>246,248.20</u>
	<u>\$ 1,432,293.55</u>	<u>\$ 1,198,775.75</u>	<u>\$ 1,252,996.28</u>	<u>\$ 1,348,443.51</u>	<u>\$ 1,576,298.48</u>
 <u>LIABILITIES</u> <u>AND RESERVES</u>					
Animal Control Fund:					
Due State of NJ - State Registration Fees	\$ 4.20	\$ 18.60			
Reserve for Encumbrances--Animal Control Fund		746.26	\$ 681.20	\$ 2,239.00	
Reserve for Animal Control Expenditures	2,301.08	4,915.91	10,914.83	15,417.55	\$ 22,647.37
	<u>2,305.28</u>	<u>5,680.77</u>	<u>11,596.03</u>	<u>17,656.55</u>	<u>22,647.37</u>
Other Funds:					
Due State of NJ - Marriage License Fees	400.00	400.00	400.00	400.00	400.00
Street Opening Deposits	21,187.32	21,187.32	21,187.32	21,187.32	21,187.32
Due Runnemede Sewerage Authority				8,068.92	8,192.76
Deposits - Due to Contractor	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Miscellaneous Trust Liabilities and Reserves:					
Accumulated Absences	17,862.24	20,000.00	15,000.00	15,000.00	
Uniform Construction Code	75,983.01	75,686.43	89,758.45	115,098.01	90,162.93
New Jersey Unemployment Compensation	56,424.34	44,558.93	26,468.62	25,987.39	10,199.00
Planning Board Escrow	40,904.42	61,716.32	155,202.01	164,589.01	149,270.86
Tax Title Lien Redemption	724,740.03	721,926.77	691,887.36	632,565.37	818,427.50
Parking Offenses Adjudication Act - POAA	713.34	621.34	603.34	561.34	1,161.00
Special Law Enforcement Fund	3,575.83	3,571.85	3,567.81	3,552.66	3,548.96
Funds Held in Escrow	48,974.14	86,609.37	31,217.88	35,663.28	35,609.26
Recreation Facility Escrow	17,107.01	3,825.00	3,825.00	3,825.00	900.00
Forfeited Property	3,547.40	3,547.40	3,547.40	3,547.40	3,547.40
Public Defender Fees	1,169.41	1,409.41	553.05	3,078.05	6,373.57
Payroll Deductions Payable	548.50	42,183.60	51,103.84	2,973.17	38,511.68
Storn Recovery	2,955.54	5,917.56	14,917.56	8,054.02	20,000.00
Uniform Fire Safety	7,839.52	6,524.33	3,858.54	5,157.10	
Municipal Alliance Contributions	3,352.08	3,352.07	3,352.07	3,352.07	3,352.07
Outside Employment of Municipal Police	50,543.33	42,737.40	60,862.10	328.41	14,735.75
Due Community Development Block Grant Fund	30,157.34				
Interfunds Payable	39,646.13		2,506.56		79,622.85
	<u>1,149,830.93</u>	<u>1,147,975.10</u>	<u>1,182,018.91</u>	<u>1,055,188.52</u>	<u>1,307,402.91</u>
Community Development Block Grant Fund:					
Reserve for Community Development Block Grant	237,957.34	30,157.34	44,418.80	75,921.56	23,285.66
Interfunds Payable	42,200.00	14,962.54	14,962.54	199,676.88	222,962.54
	<u>280,157.34</u>	<u>45,119.88</u>	<u>59,381.34</u>	<u>275,598.44</u>	<u>246,248.20</u>
	<u>\$ 1,432,293.55</u>	<u>\$ 1,198,775.75</u>	<u>\$ 1,252,996.28</u>	<u>\$ 1,348,443.51</u>	<u>\$ 1,576,298.48</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

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

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 209,718.71	\$ 165,054.12	\$ 184,364.53	\$ 153,531.77	\$ 566,512.17
Deferred Charges to Future Taxation:					
Funded	5,732,367.51	6,211,252.88	6,648,667.61	4,752,620.98	5,233,122.08
Unfunded	3,125,800.00	2,745,800.00	2,093,150.00	3,815,000.00	2,195,250.00
State Aid Receivable -- New Jersey					
Transportation Trust Fund Authority Act	185,065.50	185,065.50	185,065.50	235,065.50	235,065.50
Note Receivable -- Runsen House	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
Interfunds Receivable	113,312.75	272,962.54	272,962.54	430,962.54	589,962.54
	<u>\$ 9,666,264.47</u>	<u>\$ 9,880,135.04</u>	<u>\$ 9,684,210.18</u>	<u>\$ 9,687,180.79</u>	<u>\$ 9,119,912.29</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Serial Bonds	\$ 5,390,000.00	\$ 5,845,000.00	\$ 6,259,000.00	\$ 4,340,000.00	\$ 4,798,000.00
Bond Anticipation Notes	3,028,933.00	2,744,550.00	2,091,900.00	3,814,250.00	2,194,500.00
Green Acres Loan Payable	342,367.51	366,252.88	389,667.61	412,620.98	435,122.08
Improvement Authorizations:					
Funded			2,448.28	37,020.42	34,518.17
Unfunded	261,065.96	354,248.81	171,302.39	480,056.10	211,550.75
Contracts Payable			53,761.29		191,983.65
Reserves for Encumbrances	207,246.78	159,007.19	315,991.70	187,843.16	838,847.51
Interfunds Payable				15,404.63	
Capital Improvement Fund	350.00	350.00	350.00	200.00	200.00
Reserve for State Aid Receivable -- New Jersey					
Transportation Trust Fund Authority Act - Ord. #95-3;96-13	99,785.50	99,785.50	99,785.50	99,785.50	99,785.50
Reserve for Note Receivable -- Runsen House	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
Reserve for the Payment of Bonds	3.41	3.41	3.41		
Fund Balance	36,512.31	10,937.25			15,404.63
	<u>\$ 9,666,264.47</u>	<u>\$ 9,880,135.04</u>	<u>\$ 9,684,210.18</u>	<u>\$ 9,687,180.79</u>	<u>\$ 9,119,912.29</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS:					
Operating Fund:					
Cash	\$ 473,204.01	\$ 288,624.58	\$ 245,570.78	\$ 211,781.52	\$ 234,335.14
Due Sewer Utility Capital Fund	47,500.00	47,500.00		15,258.01	4,391.66
Prepaid Debt Service	10,370.00	10,370.00			
Receivables with Full Reserves:					
Due from Bank	165.73	165.73	165.73	165.73	165.73
Sewer Rents Receivable	42,023.82	63,558.88	78,407.45	57,369.77	55,070.88
Sewer Liens Receivable	4,312.33	4,496.29	3,479.26	3,207.82	
	<u>577,575.89</u>	<u>414,715.48</u>	<u>327,623.22</u>	<u>287,782.85</u>	<u>293,963.41</u>
Deferred Charges:					
Emergency Authorizations				21,000.00	
Total Operating Fund	<u>577,575.89</u>	<u>414,715.48</u>	<u>327,623.22</u>	<u>308,782.85</u>	<u>293,963.41</u>
Capital Fund:					
Cash	401,804.38	5,726.78	199,851.96	144,650.12	152,328.12
Fixed Capital	3,730,058.49	3,730,058.49	3,730,058.49	3,730,058.49	3,730,058.49
Fixed Capital Authorized and Uncompleted	4,211,897.00	4,211,897.00	4,096,225.00	3,825,000.00	3,825,000.00
NJEIT Loan Receivable	234,328.00	234,328.00	234,328.00	234,328.00	234,328.00
	<u>8,578,087.87</u>	<u>8,182,010.27</u>	<u>8,260,463.45</u>	<u>7,934,036.61</u>	<u>7,941,714.61</u>
	<u>\$ 9,155,663.76</u>	<u>\$ 8,596,725.75</u>	<u>\$ 8,588,086.67</u>	<u>\$ 8,242,819.46</u>	<u>\$ 8,235,678.02</u>
LIABILITIES, RESERVES AND FUND BALANCE:					
Operating Fund:					
Liabilities:					
Reserves for Encumbrances	\$ 67,962.20	\$ 33,802.01	\$ 21,823.42	\$ 12,518.46	\$ 12,148.40
Appropriation Reserves	118,487.84	46,159.74	57,492.48	28,446.79	3,055.62
Accounts Payable	7,760.78	4,295.78	14,872.26	14,110.94	14,110.94
Accrued Interest on Bonds and Notes	32,259.64	35,610.68	35,455.63	23,292.78	25,044.25
Interfunds Payable				8,068.92	8,068.92
Escrow Deposits	2,661.20	2,661.20	2,661.20	2,661.20	2,661.20
	<u>229,131.66</u>	<u>122,529.41</u>	<u>132,304.99</u>	<u>89,099.09</u>	<u>65,089.33</u>
Reserve for Receivables	46,501.88	68,220.90	82,052.44	60,743.32	55,236.61
Fund Balance	<u>301,942.35</u>	<u>223,965.17</u>	<u>113,265.79</u>	<u>158,940.44</u>	<u>173,637.47</u>
	<u>577,575.89</u>	<u>414,715.48</u>	<u>327,623.22</u>	<u>308,782.85</u>	<u>293,963.41</u>
Capital Fund:					
Improvement Authorizations:					
Funded	188,872.19	206,772.89	206,772.89	264,675.19	264,675.19
Unfunded	200,493.51	482,947.69	429,586.14	391,239.99	398,917.99
Interfunds Payable	212,187.25	47,500.00		15,258.01	4,391.66
Bond Anticipation Notes	771,225.00	271,225.00	271,225.00	1,550,000.00	1,550,000.00
Loans Payable	660,283.33	803,728.61	1,012,788.92	1,206,971.52	1,404,467.71
Serial Bonds	1,490,000.00	1,520,000.00	1,565,000.00	30,000.00	57,000.00
Capital Improvement Fund	725.00	725.00	725.00	5,000.00	5,000.00
Contracts Payable			85,432.93	85,432.93	85,432.93
Reserves for Encumbrances	33,854.43	2,109.20	95,991.00	1,700.00	1,700.00
Reserve for Amortization	5,020,447.16	4,847,001.88	4,592,941.57	4,383,758.97	4,159,262.78
Fund Balance					10,866.35
	<u>8,578,087.87</u>	<u>8,182,010.27</u>	<u>8,260,463.45</u>	<u>7,934,036.61</u>	<u>7,941,714.61</u>
	<u>\$ 9,155,663.76</u>	<u>\$ 8,596,725.75</u>	<u>\$ 8,588,086.67</u>	<u>\$ 8,242,819.46</u>	<u>\$ 8,235,678.02</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED:					
Fund Balance Anticipated	\$ 55,065.00	\$ 70,865.00	\$ 127,000.00	\$ 20,000.00	\$ 98,000.00
Sewer Rents	893,356.48	895,556.68	824,670.80	769,652.11	777,751.99
Sewer Capital Fund Balance - Note Premium				10,866.35	
Miscellaneous	20,160.08	39,729.49	21,884.91	24,688.24	21,919.10
Other Credits to Income:					
Statement of Accounts Payable - Cancellation		14,854.01			
Unexpended Balance to Appropriation Reserves	48,263.96	60,970.87	27,769.64	2,329.12	3,864.73
Total Income	1,016,845.52	1,081,976.05	1,001,325.35	827,535.82	901,535.82
EXPENDITURES:					
Operating	605,450.00	597,775.00	571,264.64	489,100.00	555,489.05
Debt Service	243,853.34	273,636.67	288,735.36	306,132.85	279,715.03
Capital Improvements			10,000.00	21,000.00	
Deferred Charges and Statutory Expenditures	34,500.00	29,000.00	50,000.00	27,000.00	25,500.00
Total Expenditures	883,803.34	900,411.67	920,000.00	843,232.85	860,704.08
Excess in Revenues	133,042.18	181,564.38	81,325.35	(15,697.03)	40,831.74
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year				21,000.00	
Statutory Excess to Fund Balance	133,042.18	181,564.38	81,325.35	5,302.97	40,831.74
FUND BALANCE:					
Balance January 1	223,965.17	113,265.79	158,940.44	173,637.47	230,805.73
	357,007.35	294,830.17	240,265.79	178,940.44	271,637.47
Decreased by:					
Utilized as Revenue	55,065.00	70,865.00	127,000.00	20,000.00	98,000.00
Balance December 31	\$ 301,942.35	\$ 223,965.17	\$ 113,265.79	\$ 158,940.44	\$ 173,637.47

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Runnemede (hereafter referred to as the "Borough") is a New Jersey Municipal Corporation located in the County of Camden, approximately fifteen miles southeast of the City of Philadelphia. The population according to the 2020 census is 8,324.

The Borough has a Mayor-Council form of government where the Mayor is separately elected to a four-year term. The Council consists of six members elected to three-year terms. However, executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Component Units - The financial statements of the component units of the Borough are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Runnemede Free Public Library
Broadway and Elm Avenue
Runnemede, New Jersey 08078

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer 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.

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

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.

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.

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

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 sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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 Runnemede 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 municipality is responsible for levying, collecting and remitting school taxes for the Borough of Runnemede 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 and regional high school districts for the period from January 1 to December 31.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Runnemede Free Public Library. The amount of library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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 immediately 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.

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

Expenditures (Cont'd) - 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.

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.

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, 2021, the Borough's bank balances of \$5,160,813.25 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,359,634.93
Uninsured and Uncollateralized	<u>801,178.32</u>
Total	<u>\$ 5,160,813.25</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 4.130</u>	<u>\$ 4.089</u>	<u>\$ 4.014</u>	<u>\$ 3.937</u>	<u>\$ 3.836</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.149	\$ 1.139	\$ 1.096	\$ 1.052	\$ 1.034
County	.874	.847	.842	.863	.843
Local School	1.498	1.494	1.472	1.445	1.410
Regional School	.609	.609	.604	.577	.549

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2021	\$ 503,453,134.00
2020	502,268,362.00
2019	502,196,379.00
2018	501,911,120.00
2017	504,103,965.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2021	\$ 20,840,788.73	\$ 20,566,315.21	98.68%
2020	20,576,984.87	20,182,423.25	98.08%
2019	20,184,217.95	19,707,020.16	97.64%
2018	19,774,030.74	19,447,548.81	98.35%
2017	19,343,182.10	19,009,578.69	98.28%

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>
2021	\$ 117,083.66	\$ 259,307.78	\$ 376,391.44	1.81%
2020	106,026.68	249,434.98	355,461.66	1.73%
2019	110,584.92	468,636.16	579,221.08	2.87%
2018	94,489.67	321,565.64	416,055.31	2.10%
2017	77,159.63	315,345.39	392,505.02	2.03%

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>
2021	13
2020	14
2019	12
2018	12
2017	10

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 23,817.50
2020	23,817.50
2019	23,817.50
2018	23,817.50
2017	23,817.50

Note 5: SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Beginning Receivable Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2021	\$ 63,558.88	\$ 871,821.42	\$ 935,380.30	\$ 893,356.48
2020	78,407.45	874,423.64	952,831.09	832,244.86
2019	57,369.77	845,708.48	903,078.25	824,670.80
2018	55,070.88	774,541.00	829,611.88	769,652.11
2017	53,701.33	779,121.54	832,822.87	777,751.99

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>
2021	\$ 1,234,514.87	\$ 679,000.00	55.00%
2020	1,601,385.03	875,000.00	54.64%
2019	1,254,575.62	650,000.00	51.81%
2018	955,429.58	565,000.00	59.14%
2017	1,234,840.70	742,750.00	60.15%

Sewer 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>
2021	\$ 301,942.35	\$ 97,709.00	32.36%
2020	223,965.17	55,065.00	24.59%
2019	113,265.79	70,865.00	62.57%
2018	158,940.44	127,000.00	79.90%
2017	173,637.47	20,000.00	11.52%

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, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 81,846.13	\$ 20,000.00
Federal and State Grant	164,687.25	93,312.75
Trust - Community Development	30,157.34	42,200.00
Trust - Other		69,803.47
General Capital	113,312.75	
Sewer Utility - Operating	47,500.00	
Sewer Utility - Capital		212,187.25
	<u>\$ 437,503.47</u>	<u>\$ 437,503.47</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 2022, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

In June of 2022, the New Jersey Division of Local Government Services issued Local Finance Notice 2022-12 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 68, *Accounting and Financial Reporting for Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2021 was not available; therefore, the information from the measurement period June 30, 2020 is disclosed below.

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. In addition, several Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for 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 plans' 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.state.nj.us/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.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

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

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.

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

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 P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions 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, 2020 was 14.91% 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.

Based on the most recent PERS measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$183,389.00, and was payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$151,437.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$93,501.04.

Police and Firemen's Retirement System - The contribution policy for PFRS 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 member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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) - 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, 2020 was 31.80% 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, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$506,067.00, and was payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$451,851.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$160,711.80.

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, 2020 was 4.39% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2020 was \$69,900.00, and was payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2019 was \$58,243.00, which was paid on April 1, 2020.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2021, employee contributions totaled \$2,956.61, and the Borough's contributions were \$1,881.48. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$2,733,759.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020. 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, 2020 measurement date, the Borough's proportion was .0167639356%, which was an increase of .0011952964% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$102,468.00. This (benefit) 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, 2020, the Borough's contribution to PERS was \$151,437.00, and was paid on April 1, 2020.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2020, 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	\$ 5,853,226.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>908,394.00</u>
	<u><u>\$ 6,761,620.00</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020. 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, 2020 measurement date, the Borough's proportion was .0452989798%, which was an increase of .0005661553% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the Borough, was .0452989798%, which was an increase of .00005661553% from its proportion, on-behalf of the Borough, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Borough's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$404,673.00. This (benefit) 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, 2020, the Borough's contribution to PFRS was \$451,851.00, and was paid on April 1, 2020.

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

Pension Expense (Cont'd) - For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2020 measurement date, was \$102,948.00. This on-behalf (benefit) 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 - As of December 31, 2020, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 49,777.00	\$ 59,010.00	\$ 108,787.00	\$ 9,668.00	\$ 21,007.00	\$ 30,675.00
Changes of Assumptions	88,686.00	14,730.00	103,416.00	1,144,651.00	1,569,215.00	2,713,866.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	93,442.00	343,202.00	436,644.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	574,928.00	493,983.00	1,068,911.00	351,207.00	26,040.00	377,247.00
Borough Contributions Subsequent to the Measurement Date	91,695.00	253,034.00	344,729.00	-	-	-
	<u>\$ 898,528.00</u>	<u>\$ 1,163,959.00</u>	<u>\$ 2,062,487.00</u>	<u>\$ 1,505,526.00</u>	<u>\$ 1,616,262.00</u>	<u>\$ 3,121,788.00</u>

Deferred outflows of resources in the amounts of \$91,695.00 and \$253,034.00 for PERS and PFRS, respectively, were included as a reduction of the net pension liability during the year ended December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the Borough's year end of December 31, 2020.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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 other deferred outflows 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, 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	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
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
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	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
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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>
2021	\$ (305,980.00)	\$ (373,045.00)	\$ (679,025.00)
2022	(237,301.00)	(222,349.00)	(459,650.00)
2023	(113,077.00)	(80,910.00)	(193,987.00)
2024	(35,051.00)	6,201.00	(28,850.00)
2025	(7,284.00)	(35,234.00)	(42,518.00)
	<u>\$ (698,693.00)</u>	<u>\$ (705,337.00)</u>	<u>\$ (1,404,030.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2020 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of 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 as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, 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:

	<u>PERS</u>		
	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 3,441,347.00	\$ 2,733,759.00	\$ 2,133,352.00

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

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 the June 30, 2020 measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<u>PFRS</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 7,783,585.00	\$ 5,853,226.00	\$ 4,249,914.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,207,977.00</u>	<u>908,394.00</u>	<u>659,567.00</u>
	<u>\$ 8,991,562.00</u>	<u>\$ 6,761,620.00</u>	<u>\$ 4,909,481.00</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 (benefit) 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.

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 Eight Plan Years)

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0167639356%	0.0155686392%	0.0172038776%	0.0138521094%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,733,759.00	\$ 2,805,233.00	\$ 3,387,358.00	\$ 3,224,550.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,200,644.00	\$ 1,098,980.00	\$ 1,208,504.00	\$ 964,536.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	227.69%	255.26%	280.29%	334.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0159409362%	0.0157035019%	0.0148372319%	0.0168161161%
Borough's Proportionate Share of the Net Pension Liability	\$ 4,721,248.00	\$ 3,525,121.00	\$ 2,777,936.00	\$ 3,213,894.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,101,532.00	\$ 1,087,020.00	\$ 1,029,532.00	\$ 1,111,600.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	428.61%	324.29%	269.83%	289.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 183,389.00	\$ 151,437.00	\$ 171,123.00	\$ 128,325.00
Borough's Contribution in Relation to the Contractually Required Contribution	\$ (183,389.00)	\$ (151,437.00)	(171,123.00)	(128,325.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,229,852.00	\$ 1,226,144.00	\$ 1,093,935.00	\$ 1,085,005.00
Borough's Contributions as a Percentage of Covered Payroll	14.91%	12.35%	15.64%	11.83%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 141,617.00	\$ 135,008.00	\$ 122,316.00	\$ 126,706.00
Borough's Contribution in Relation to the Contractually Required Contribution	(141,617.00)	(135,008.00)	(122,316.00)	(126,706.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 984,607.00	\$ 1,066,304.00	\$ 1,076,646.00	\$ 1,003,648.00
Borough's Contributions as a Percentage of Covered Payroll	14.38%	12.66%	11.36%	12.62%

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 Eight Plan Years)***

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0452989798%	0.0447328245%	0.0427916065%	0.0426749292%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,853,226.00	\$ 5,474,322.00	\$ 5,790,410.00	\$ 6,588,184.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>908,394.00</u>	<u>864,406.00</u>	<u>786,531.00</u>	<u>737,932.00</u>
Total	<u>\$ 6,761,620.00</u>	<u>\$ 6,338,728.00</u>	<u>\$ 6,576,941.00</u>	<u>\$ 7,326,116.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,563,036.00	\$ 1,516,132.00	\$ 1,419,632.00	\$ 1,381,376.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	374.48%	361.07%	407.88%	476.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0379026879%	0.0396901845%	0.0461810031%	0.0456348897%
Borough's Proportionate Share of the Net Pension Liability	\$ 7,240,383.00	\$ 6,611,001.00	\$ 5,809,142.00	\$ 6,066,747.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>608,013.00</u>	<u>579,763.00</u>	<u>625,547.00</u>	<u>565,495.00</u>
Total	<u>\$ 7,848,396.00</u>	<u>\$ 7,190,764.00</u>	<u>\$ 6,434,689.00</u>	<u>\$ 6,632,242.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,342,428.00	\$ 1,298,416.00	\$ 1,458,616.00	\$ 1,432,176.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	539.35%	509.16%	398.26%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	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 Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 506,067.00	\$ 451,851.00	\$ 418,351.00	\$ 377,681.00
Borough's Contribution in Relation to the Contractually Required Contribution	(506,067.00)	(451,851.00)	(418,351.00)	(377,681.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,591,469.00	\$ 1,542,076.00	\$ 1,495,755.00	\$ 1,426,565.00
Borough's Contributions as a Percentage of Covered Payroll	31.80%	29.30%	27.97%	26.47%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 309,036.00	\$ 322,622.00	\$ 354,702.00	\$ 332,942.00
Borough's Contribution in Relation to the Contractually Required Contribution	(309,036.00)	(322,622.00)	(354,702.00)	(332,942.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,378,605.00	\$ 1,271,934.00	\$ 1,239,066.00	\$ 1,379,127.00
Borough's Contributions as a Percentage of Covered Payroll	22.42%	25.36%	28.63%	24.14%

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

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

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

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 9: 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 10: RUNSEN HOUSE SENIOR CITIZEN FACILITY

On February 12, 1992, the Borough of Runnemede adopted Ordinance 92-1 entitled Senior Citizen Facility. The purpose of the Ordinance was to provide Runsen Associates, Inc. with a loan in the amount of \$250,000.00 without interest, payable on the 30th anniversary of the full occupancy date, to assist financing of the construction of a senior citizen facility. The facility consists of 81 residential one-bedroom rental units for low-income eligible occupants. On March 2, 1993, the Borough of Runnemede increased the amount of the loan by \$50,000.00 by adopting Ordinance 93-1.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**BOROUGH OF RUNNEMEDE POSTEMPLOYMENT BENEFIT PLAN**

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 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 various classifications who have at least twenty-five (25) years of service in a state retirement system. This provision is part of various Labor Agreements between the Borough and its employees. The plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers. For dental insurance purposes, reimbursements by retirees are paid after the Borough provides the retirees with a detailed accounting of the costs.

Employees Covered by Benefit Terms - As of December 31, 2021, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	28
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	34
	62

Total OPEB Liability

The Borough's total OPEB liability of \$21,798,016.00 was measured as of December 31, 2021 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:

Salary Increases	2.50%
Discount Rate	2.06%
Healthcare Cost Trend Rates	
Medical -	5.5% in 2021, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026
Drug -	7.0% in 2021, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026
Dental -	3.5% per annum
Retirees' Share of Benefit-Related Costs	Subject to contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance

The discount rate was based on the Bond Buyer 20 Index.

Mortality rates were based on the RP-2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement.

An experience study was not performed on the actuarial assumptions used in the December 31, 2021 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 issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**BOROUGH OF RUNNEMEDE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability**

Balance at December 31, 2020		\$ 26,004,860.00
Changes for the Year:		
Service Cost	\$ 452,781.00	
Interest Cost	557,655.00	
Benefit Payments	(306,329.00)	
Changes in Assumptions	(4,910,951.00)	
Difference between Expected and Actual Experience	<u>-</u>	
Net Changes		<u>(4,206,844.00)</u>
Balance at December 31, 2021		<u>\$ 21,798,016.00</u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.12% at December 31, 2020 to 2.06% at December 31, 2021.

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:

	<u>December 31, 2021</u>		
	<u>1.00% Decrease (1.06%)</u>	<u>Current Discount Rate (2.06%)</u>	<u>1.00% Increase (3.06%)</u>
Total OPEB Liability	<u>\$ 25,136,435.00</u>	<u>\$ 21,798,016.00</u>	<u>\$ 19,103,191.00</u>

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:

	<u>December 31, 2021</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 19,518,215.00</u>	<u>\$ 21,798,016.00</u>	<u>\$ 24,573,850.00</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

BOROUGH OF RUNNEMEDE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2021, the Borough recognized OPEB (benefit) expense of \$427,890.00. As of December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 2,199,651.00	\$ 4,538,712.00
Changes in Method		
Difference Between Expected and Actual Experience		
	<hr/>	<hr/>
	<u>\$ 2,199,651.00</u>	<u>\$ 4,538,712.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

Year Ending <u>Dec 31,</u>	
2022	\$ (161,932.00)
2023	(161,932.00)
2024	(161,932.00)
2025	(161,932.00)
2026	(161,932.00)
Thereafter	<hr/> (1,529,401.00)
	<u>\$ (2,339,061.00)</u>

Supplementary OPEB Information

In accordance with GASB 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.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**BOROUGH OF RUNNEMEDE POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios (Last Four Years):**

	Plan Measurement Date December 31,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 452,781.00	\$ 452,781.00	\$ 378,788.00	\$ 378,788.00
Interest Cost	557,655.00	687,278.00	890,607.00	853,540.00
Benefit Payments	(306,329.00)	(327,709.00)	(328,332.00)	(308,178.00)
Changes in Assumptions	(4,910,951.00)	398,298.00	2,345,643.00	-
Difference Between Expected and Actual Experience	-	-	-	-
Net Change in Total OPEB Liability	(4,206,844.00)	1,210,648.00	3,286,706.00	924,150.00
Total OPEB Liability, January 1,	26,004,860.00	24,794,212.00	21,507,506.00	20,583,356.00
Total OPEB Liability, December 31,	<u>\$ 21,798,016.00</u>	<u>\$ 26,004,860.00</u>	<u>\$ 24,794,212.00</u>	<u>\$ 21,507,506.00</u>
Covered-Employee Payroll	\$ 2,723,849.00	\$ 2,210,445.52	\$ 2,210,445.52	\$ 2,210,445.52
Total OPEB Liability as a Percentage of Covered Payroll	800.27%	1176.45%	1121.68%	972.99%

Other Notes to Supplementary OPEB Information

Changes of Benefit Terms:

None.

Changes of Assumptions:

The discount rate used as of December 31 measurement date is as follows:

<u>Year</u>	<u>Rate</u>
2021	2.06%
2020	2.12%
2019	2.74%
2018	4.10%

Note 12: COMPENSATED ABSENCES

Per the policy of the Borough, employees accrue and carryover earned compensatory time. At the time of separation from the Borough, unused compensatory time would be eligible for payout to the employee.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2021, accrued benefits for compensated absences are valued at \$176,812.58.

Note 13: CAPITAL DEBT**General Improvement Bonds**

On November 24, 2015, the Borough issued \$5,135,000.00 of general obligation bonds consisting of \$5,060,000.00 General Capital Improvement Bonds and \$75,000.00 Sewer Utility Bonds at interest rates ranging from 2.000% to 3.250%. The final maturity of these bonds is November 15, 2031. The General Capital bonds will be paid from property taxes and Sewer Utility Bonds will be paid from rents.

On July 3, 2019, the Borough issued \$3,744,000.00 of general obligation bonds consisting of \$2,194,000.00 General Capital Improvement Bonds and \$1,550,000.00 Sewer Utility Bonds at interest rates ranging from 2.250% to 3.000%. The final maturity of these bonds is February 1, 2049. The General Capital bonds will be paid from property taxes and Sewer Utility Bonds will be paid from rents.

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>
2022	\$ 465,000.00	\$ 153,862.51	\$ 618,862.51
2023	470,000.00	144,046.88	614,046.88
2024	480,000.00	131,187.50	611,187.50
2025	490,000.00	117,550.00	607,550.00
2026	500,000.00	103,400.00	603,400.00
2027-2031	2,725,000.00	281,875.00	3,006,875.00
2032	260,000.00	3,900.00	263,900.00
	<u>\$ 5,390,000.00</u>	<u>\$ 935,821.89</u>	<u>\$ 6,325,821.89</u>

Sewer Utility Bonds

The following schedule represents the remaining debt service, through maturity, for the sewer utility bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 30,000.00	\$ 43,125.00	\$ 73,125.00
2023	30,000.00	42,431.25	72,431.25
2024	55,000.00	41,387.50	96,387.50
2025	55,000.00	40,012.50	95,012.50
2026	55,000.00	38,637.50	93,637.50
2027-2031	275,000.00	169,125.00	444,125.00
2032-2036	275,000.00	127,875.00	402,875.00
2037-2041	275,000.00	86,625.00	361,625.00
2042-2046	275,000.00	45,375.00	320,375.00
2047-2049	165,000.00	7,425.00	172,425.00
	<u>\$ 1,490,000.00</u>	<u>\$ 642,018.75</u>	<u>\$ 2,132,018.75</u>

Note 13: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Environmental Infrastructure Loans**

On November 5, 2003, the Borough entered into a loan agreement with New Jersey Environmental Infrastructure program for \$683,703.00. The final loan payment date is August 1, 2023.

On November 6, 2008, the Borough entered into a loan agreement with New Jersey Environmental Infrastructure program for \$2,047,000.00. The final loan payment date is August 1, 2028.

All loans will be paid from property taxes.

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>
2022	\$ 147,963.77	\$ 23,430.00	\$ 171,393.77
2023	152,276.01	19,542.50	171,818.51
2024	88,043.55	15,455.00	103,498.55
2025	63,000.00	12,555.00	75,555.00
2026	67,000.00	9,405.00	76,405.00
2027-2028	<u>142,000.00</u>	<u>9,585.00</u>	<u>151,585.00</u>
	<u>\$ 660,283.33</u>	<u>\$ 89,972.50</u>	<u>\$ 750,255.83</u>

General Debt - New Jersey Green Acres Loans

On July 21, 2014, the Borough entered into a loan agreement with New Jersey Green Acres in the amount of \$500,000.00 for the Beaver Branch Park Project. Loan payments are due every six months in April and October at an interest rate of 2.000%. The final loan payment date is April 24, 2034. The loan will be paid from property taxes.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 24,365.46	\$ 6,726.13	\$ 31,091.59
2023	24,855.21	6,236.38	31,091.59
2024	25,354.80	5,736.80	31,091.60
2025	25,864.44	5,227.16	31,091.60
2026	26,384.31	4,707.29	31,091.60
2027-2031	140,092.84	15,365.13	155,457.97
2032-2034	<u>75,450.45</u>	<u>2,278.52</u>	<u>77,728.97</u>
	<u>\$ 342,367.51</u>	<u>\$ 46,277.41</u>	<u>\$ 388,644.92</u>

Note 13: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres Loans (Cont'd)**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 8,761,300.51	\$ 8,955,802.88	\$ 8,740,567.61
Sewer Utility:			
Bonds, Loans and Notes	2,921,508.33	2,594,953.61	2,849,013.92
Total Issued	<u>11,682,808.84</u>	<u>11,550,756.49</u>	<u>11,589,581.53</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	96,867.00	1,250.00	1,250.00
Sewer Utility:			
Bonds, Loans and Notes		500,000.00	384,328.00
Total Authorized but not Issued	<u>96,867.00</u>	<u>501,250.00</u>	<u>385,578.00</u>
Total Issued and Authorized but not Issued	<u>11,779,675.84</u>	<u>12,052,006.49</u>	<u>11,975,159.53</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	3.41	3.41	3.41
NJ Transportation Trust	99,785.50	99,785.50	99,785.50
Sewer Utility:			
Self-Liquidating	2,921,508.33	3,094,953.61	3,233,341.92
Total Deductions	<u>3,021,297.24</u>	<u>3,194,742.52</u>	<u>3,333,130.83</u>
Net Debt	<u>\$ 8,758,378.60</u>	<u>\$ 8,857,263.97</u>	<u>\$ 8,642,028.70</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 1.572%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Self-Liquidating	\$ 2,921,508.33	\$ 2,921,508.33	
General	8,858,167.51	99,788.91	\$ 8,758,378.60
	<u>\$ 11,779,675.84</u>	<u>\$ 3,021,297.24</u>	<u>\$ 8,758,378.60</u>

Net debt \$8,758,378.60 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$557,272,050.67, equals 1.572%.

Note 13: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$	19,504,521.77
Less: Net Debt		<u>8,758,378.60</u>
Remaining Borrowing Power	\$	<u><u>10,746,143.17</u></u>

**Calculation of "Self-Liquidating Purpose,"
Sewer 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	\$	968,581.56
Deductions:		
Operating and Maintenance Costs	\$	639,950.00
Debt Service		<u>243,853.34</u>
Total Deductions		<u>883,803.34</u>
Excess in Revenue	\$	<u><u>84,778.22</u></u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 14: 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.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 54,955.22	\$ 43,089.81	\$ 56,424.34
2020	22,000.00	3,909.69	44,558.93
2019	32,000.00	31,518.77	26,468.62

Joint Insurance Pool - The Borough of Runnemede 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 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, 2021, which can be obtained from:

Camden County Municipal Joint Insurance Fund
Park 80 West, Plaza One
Saddle Brook, New Jersey 07663

Note 15: 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 16: 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 17: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Borough’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Borough is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2022.

APPENDIX C
FORM OF BOND COUNSEL OPINION



June 21, 2023

Mayor and Borough Council
of the Borough of Runnemede
24 North Black Horse Pike
Runnemede, New Jersey

**RE: \$3,973,835 BOROUGH OF RUNNEMEDE, COUNTY OF CAMDEN, NEW JERSEY,
BOND ANTICIPATION NOTES OF 2023, SERIES A**

Mayor and Council Members:

We have served as Bond Counsel to the Borough of Runnemede, County of Camden, New Jersey ("Borough"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes").

The Notes are issued pursuant to and in accordance with: (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) bond ordinances 2018-08, 2019-08, 2019-09, 2020-08, 2020-13, 2021-05, and 2023-04 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June 7, 2023 ("Award Certificate").

The Notes are issued in [bearer] [registered] form and are not subject to redemption prior to maturity. The Notes are issued in anticipation of the issuance of bonds to provide funds to temporarily finance the costs of various capital projects within the Borough. The Notes are dated June 21, 2023 and mature on June 20, 2024.

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 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 Notes.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions 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 Notes 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, moratorium 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 Notes, 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 Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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 Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive "investment" income, including interest on the Notes, 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 Notes 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 Notes 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 may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes 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 Notes 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 Notes 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 Notes.

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 designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Notes 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 Notes and any gain from the sale thereof are 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 Notes.

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

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 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 INFORMATION REPORTING UNDERTAKING AGREEMENT

INFORMATION REPORTING UNDERTAKING AGREEMENT

ISSUER: Borough of Runnemede, County of Camden, New Jersey ("Issuer")

ISSUE: \$3,973,835 Bond Anticipation Notes of 2023, Series A
(Non-Callable) ("Notes")

DATED: June 21, 2023

CUSIP:

This Information Reporting Undertaking Agreement ("Agreement") is executed and delivered by the Issuer as of the date set forth below for the purpose of providing continuing disclosure with respect to the Issuer in order to comply with the provisions of Rule 15c2-12 ("Rule"), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time.

Section 1. (a) The Issuer, as an obligated person for purposes of and as defined in the Rule ("Obligated Person"), hereby agrees, in accordance with the provisions of the Rule, so long as any of the Notes are outstanding to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), through the internet facilities of the Electronic Municipal Market Access System ("EMMA")¹, 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 (each a "National Repository") and any public or private repository or entity designated by the State of New Jersey as a state information repository for purpose of the Rule ("State Repository" and together with each National Repository, the "Repository" or "Repositories"), as applicable, notice of the occurrence of any of the following listed events (each a "Listed Event" or "Listed Events") with respect to the Notes:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. 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 Notes, or other material events affecting the tax status of the Notes;

¹ 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 Notes, and other filers on behalf of such issuers shall upload certain information and notices to assist underwriters in complying with the Rule and to provide the general public with access thereto.

- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the Issuer, 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;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a financial obligation 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
- xvi. 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 Issuer shall, within ten (10) business days of the occurrence of any of the Listed Events, report the event to the MSRB, through the internet facilities of EMMA, or any other Repositories, as applicable, pursuant to the provisions of Section 1(a) hereof. In determining the materiality of a Listed Event specified in subsections (a)(ii), (vii), (viii), (x), (xiii), (xiv) and (xv) of this Section 1, the Issuer may, but shall not be required to, rely conclusively on a written opinion of counsel expert in federal securities law acceptable to the Issuer.

Section 2. The Issuer reserves the right to terminate its obligation to provide notices of Listed Events, if material, as set forth above, if and when the Issuer no longer remains an Obligated Person with respect to the Notes within the meaning of the Rule. The Issuer will provide notice of such termination to the MSRB via the internet facilities of EMMA and the State Repository, if any.

Section 3. The Issuer agrees that its undertaking pursuant to the Rule set forth in Section 1 of this Agreement is intended to be for the benefit of the holders of the Notes and shall be enforceable by such Noteholders; provided that, the Noteholder's right to enforce the

provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder.

Section 4. This Agreement shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has executed and delivered this Agreement as of this 21st day of June, 2023.

ISSUER:

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

By: _____
SHELLEY A. STREAHLE,
Chief Financial Officer