

PRELIMINARY OFFICIAL STATEMENT DATED JULY 18, 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.

\$10,468,506
BOROUGH OF BELLMAWR
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
Consisting of:
\$5,103,206 General Improvement Notes
\$5,365,300 Water Utility Notes
(BOOK-ENTRY ONLY) (NON-CALLABLE)

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

Dated: Date of Delivery

Due: August 6, 2024

The \$10,468,506 Bond Anticipation Notes of 2023, Series A ("Notes"), are general obligations of the Borough of Bellmawr, County of Camden, New Jersey ("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) \$5,103,206 principal amount of General Improvement Notes; and (ii) \$5,365,300 principal amount of Water 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 on the date of maturity. The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. 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 02:01-19, 04:10-20, 05:13-20, 05:14-20, 5:15-20, 03:08-21, 05:12-21, 08:15-21, 10:17-21, 02:01-22, 03:03-22, 03:05-22, 05:07-22, 05:08-22, 02:02-23, 04:05-23, and 04:06-23, 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 July __, 2023.

The Notes are being issued by the Borough to provide funds which will be used to: (i) currently refund the Borough's \$5,894,876 Bond Anticipation Notes of 2022, Series A, dated August 9, 2022, maturing on August 8, 2023; (ii) temporarily finance the costs of various capital projects 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 Solicitor, Howard 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 August 7, 2023.

BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE BOROUGH ON JULY 25, 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.

This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Notes described herein, the Borough will deliver a final Official Statement within seven business days following such sale.

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

Mayor and Borough Council

Charles J. Sauter, III	Mayor
James F. D'Angelo	Member of Council
Bill Evans	Member of Council
Ray Bider	Member of Council
Jamie Casey	Member of Council
Johann Fina	Member of Council
Craig Wilhelm	Member of Council

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

**Borough Clerk
Francine M. Wright**

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

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

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

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

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the 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
\$10,468,506
BOROUGH OF BELLMAWR
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
Consisting of:
\$5,103,206 General Improvement Notes
\$5,365,300 Water 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 Bellmawr, the County of Camden, New Jersey (“Borough”), in connection with the sale and the issuance of its \$10,468,506 Bond Anticipation Notes of 2023, Series A (“Notes”). The Notes consist of: (i) \$5,103,206 principal amount of General Improvement Notes; and (ii) \$5,365,300 principal amount of Water 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 02:01-19, 04:10-20, 05:13-20; 05:14-20; 05:15-20; 03:08-21; 05:12-21; 08:15-21; 10:17-21; 02:01-22; 03:03-22; 03:05-22; 05:07-22; 05:08-22; 02:02-23; 04:05-23 and 04:06-23 (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 July __, 2023.

The Notes are being issued by the Borough to provide funds which will be used to: (i) currently refund the Borough’s \$5,894,876 Bond Anticipation Notes of 2022, Series A, dated August 9, 2022, maturing on August 8, 2023; (ii) temporarily finance the costs of various capital projects 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 Improvement Notes

Ordinance Number	Amount Authorized	Notes Outstanding	Available Funds	Notes to be Issued
05:13-20*	\$17,471,176	\$183,700	\$47,500	\$193,839
05:14-20†	1,458,250	958,250	0	958,250
05:12-21	1,079,250	779,250	0	779,250
08:15-21	175,750	175,750	0	175,750
10:17-21	765,558	765,558	0	765,558
02:01-22	282,120	76,000	0	76,000
05:07-22	966,368	966,368	0	966,368
04:05-23	995,600	0	0	995,600
04:10-20	501,408	0	0	166,056
03:08-21	27,377	0	0	26,535
Total	\$23,722,857	\$3,904,876	\$47,500	\$5,103,206

* \$12,788,000 is currently outstanding in the Borough’s 2020 General Obligation Bonds

† \$500,000 is currently outstanding in the Borough’s 2020 General Obligation Bonds

Water Utility Notes

Ordinance Number	Amount Authorized	Notes Outstanding	Available Funds	Notes to be Issued
05:15-20	\$1,050,000	\$1,050,000	\$0	\$1,050,000
05:12-21*	1,079,250	300,000	0	300,000
02:01-22*	282,120	140,000	0	140,000
03:05-22	500,000	500,000	0	500,000
03:03-22	850,000	0	0	850,000
05:08-22	1,100,000	0	0	1,100,000
02:02-23	500,000	0	0	500,000
04:06-23	900,000	0	0	900,000
02:01-19	448,000	0	0	25,300
Total	\$6,709,370	\$1,990,000	\$0	\$5,365,300

* Total Amount Authorized in the ordinance included general capital and water utility amounts for total amount authorized.

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.bellmawr.com.

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.bellmawr.com.

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 89.39%. 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 complete revaluation of property within the Borough was effective for the year 2009.

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, Howard 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 Borough 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 not** 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.

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

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

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 \$1,188,930.11 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) to replace lost public sector revenue; (ii) 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; (iii) 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; (iv) 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 (v) 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, 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 Maria A. Fasulo, Chief Financial Officer, Borough of Bellmawr, at 856-933-1313, or to the Borough's Municipal Advisor, Acacia Financial Group, Inc., at 856-234-2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the 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 BELLMAWR, NEW JERSEY

By: _____
MARIA A. FASULO, Chief Financial Officer

Dated: July __, 2023

APPENDIX A

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

GENERAL INFORMATION ON THE BOROUGH

History

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

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

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

Library

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

Public Safety

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

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

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

Sewer Service Usage Charges

The Borough residents pay an annual sewer bill of \$62.00. This amount had remained since 2013. The Borough residents also pay an annual fee of \$352.00 payable in four (4) quarterly installments of \$88.00 to the CCMUA. Commercial users are assessed based on the number of employees, therefore, the amount assessed varies per each business.

Improvements recently authorized during 2021 and 2022 include various improvements and upgrades to the Borough sewer station.

Water Utility

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

The Water Department facilities include the following:

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

Previous improvements to the water system have included the following:

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

Improvements recently authorized during 2021 and 2022 include various improvements to the Warren Ave and Bell Road Water Treatment Plants including replacement of existing back wash tanks and acquisition and installation of Ion Exchange Resin Filtration System, and improvements and renovations to the Water Tower located on Bell Road and Leaf Road.

Water rates are based on the size of the water meter and the water usage along with a minimum quarterly charge for industrial and all other users. Water rates were increased effective October 1, 2022.

Site Remediation

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

Borough Employees

	As of December 31,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Full-time	82	75	77	87	84
Part-time	<u>75</u>	<u>63</u>	<u>70</u>	<u>75</u>	<u>65</u>
Total	<u>157</u>	<u>148</u>	<u>147</u>	<u>162</u>	<u>149</u>

Employee Collective Bargaining Units

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

Compensated Absences

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

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

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

Pension Plans

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

Borough Population

2020 Federal Census	11,707
2010 Federal Census	11,583
2000 Federal Census	11,262
1990 Federal Census	12,603
1980 Federal Census	13,721

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

Selected Census 2021 Data ⁽¹⁾

Median household income	\$66,667
Per capita income	\$33,501

Labor Force ⁽¹⁾

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Borough					
Labor Force	6,272	6,188	6,192	5,864	5,799
Employment	6,010	5,740	5,541	5,636	5,539
Unemployment	262	448	651	228	260
Unemployment Rate	4.2%	7.2%	10.5%	3.9%	4.5%
County					
Labor Force	270,737	266,980	265,237	253,053	250,133
Employment	259,883	248,194	239,598	242,811	238,635
Unemployment	10,854	18,786	25,639	10,242	11,498
Unemployment Rate	4.0%	7.0%	9.7%	4.0%	4.6%
State					
Labor Force	4,739,800	4,666,100	4,650,300	4,686,300	4,604,800
Employment	4,564,100	4,357,200	4,212,400	4,524,300	4,420,700
Unemployment	175,700	308,900	437,900	162,000	184,100
Unemployment Rate	3.7%	6.6%	9.4%	3.5%	4.0%

Business and Industry ⁽²⁾

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

Building, Zoning and Development Codes ⁽²⁾

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

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

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

⁽¹⁾ Source: New Jersey Department of Labor.

⁽²⁾ Source: Borough officials.

Building Permits ⁽¹⁾

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2023 ⁽²⁾	161	\$ 2,479,271
2022	384	5,848,566
2021	492	6,638,973
2020	465	12,586,469
2019	477	12,457,262
2018	516	12,270,815

MAJOR PRIVATE SECTOR EMPLOYERS IN THE COUNTY⁽³⁾

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Employment</u>
Cooper Health System	Hospital	7,000
Virtua Health System	Multi-hospital Healthcare System	2,500
Campbell Soup Company	Prepared Food Products	2,300
Virtua Our Lady of Lourdes Hospital	Health Care System	2,000
American Water	Public Utility Company	2,000
TD Bank	Banking, Financial Services	1,300
Jefferson Health System	Hospitals/Ambulatory Facilities	1,256
Aluminum Shapes	Aluminum Extrusions	1,000
Lockheed Martin	Global Security and Aerospace Company	800

INFORMATION ON THE SCHOOL DISTRICT ⁽⁴⁾

History and Education

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

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

⁽¹⁾ Source: Borough Construction Office.

⁽²⁾ As of June 15, 2023

⁽³⁾ Source: Camden County

⁽⁴⁾ Source: Local School District Officials.

Local School District School Enrollments ⁽¹⁾

<u>Grade</u>	<u>2022</u>	<u>October 15,</u>			<u>2019</u>	<u>2018</u>
		<u>2021</u>	<u>2020</u>			
PK	129	132	133	149	141	
K	104	112	109	99	101	
1	122	107	98	93	120	
2	99	93	86	113	110	
3	99	79	116	104	110	
4	85	98	105	100	102	
5	103	104	96	106	103	
6	105	100	101	103	103	
7	101	86	105	105	118	
8	93	101	103	108	99	
Sp. Ed.	136	130	131	128	107	
TOTALS	<u>1,176</u>	<u>1,142</u>	<u>1,183</u>	<u>1,208</u>	<u>1,214</u>	

Present School Facilities, Enrollment and Capacity ⁽¹⁾

<u>Facility</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/22</u>	<u>Functional Capacity</u>
Ethel M. Burke	1889	1956	K-4	234	451
Bellmawr Park	1943	1953	Pre-K-4	454	762
Bell Oaks	1969	1971	5-8	452	1,057

Black Horse Pike Regional High School Enrollments ⁽²⁾

<u>Grade</u>	<u>Oct. 15,</u>			<u>2019</u>	<u>2018</u>
	<u>2022</u>	<u>2021</u>	<u>2020</u>		
9				727	731
10				720	712
11				689	746
12				737	699
Special Education				<u>640</u>	<u>586</u>
Totals				<u>3,513</u>	<u>3,474</u>

⁽¹⁾ Source: Local School District Officials.

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

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

The State University of New Jersey, Camden Campus ("Rutgers"), has two four-year undergraduate liberal arts colleges, one serving students who attend classes during the day and one for those attending evening classes. In addition to liberal arts degrees offered by the Rutgers College of Arts and Sciences, there is (i) a Graduate School offering master's degree programs in biology, business administration, English and public policy, and (ii) the School of Law, evening and day curriculum, leading to a Juris Doctor degree. In September 2012, Rutgers completed construction of a student housing project consisting of a 350-bed graduate student housing facility.

Camden County College

Camden County College (the "College") is a comprehensive public community college with campuses in Blackwood and Camden City, as well as the William G. Rohrer Center in Cherry Hill and the Regional Emergency Training Center in Gloucester Township, that serves Camden County and the surrounding area and is a vital resource for transfer education, workforce training and cultural events. The College offers associate degrees, certificate and training programs in technical fields such as automotive technology and mechanical engineering; health professions such as nursing and medical coding, and liberal arts and sciences such as English and chemistry. Additionally, the College operates the Adult Technical Institute at the Sicklerville Campus of the Camden County Technical School, and offers credit classes throughout the County in high schools, work sites, and neighborhoods. The College also has affiliations with four-year institutions such as Rutgers University, Drexel University and Thomas Jefferson University, College of Allied Health Sciences.

As of the Spring of 2023, full time enrollment was 3,204 and part-time enrollment was 8,124 for a total of 11,328.

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 2021-2022 school year, 1,460 students are enrolled at the Gloucester Township Campus, and 764 at the Pennsauken Campus, including 248 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

(1) Source: School District officials

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2023 Assessed Valuation</u>
Mutual Housing Corp.	Apartments	\$ 27,336,000
East Coast Hyde Park Apts. LLC	Apartments	11,500,000
CIVF VI - NJ2M01 LLC	Industrial Building	8,148,200
ESS Storage Acquisition Sixty Six	Self Storage	7,949,400
South Penn/Wessex Mgt LLC	Apartments	7,500,000
281 Benigno Blvd LLC	Industrial Building	6,923,700
FRG-X-NJ1 LP	Office Building	6,392,300
45 Heller Road LLC	Industrial Building	6,155,500
Extra Space Properties Ninety Seven	Storage Units	6,000,000
Spruce Manor Enterprises LLC	Apartments	5,700,000
International Paper Company	Cardboard Box Manufacturer	5,500,000
MH II - 151 Benigno LLC	Industrial Building	5,269,000

CURRENT TAX COLLECTIONS(2)

<u>Year</u>		<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022	(3)(4)	\$ 31,074,845	\$ 30,531,539	98.25%	\$ 503,297	1.62%
2021	(4)	30,949,301	30,630,742	98.97%	298,893	0.97%
2020		30,343,083	29,823,811	98.29%	477,588	1.57%
2019		29,894,292	29,159,901	97.54%	671,447	2.25%
2018		29,426,553	28,817,738	97.93%	565,160	1.92%

DELINQUENT TAXES(2)

<u>Year</u>		<u>Outstanding January 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
				<u>Amount</u>	<u>Percentage</u>			
2022	(3)(4)	\$ 315,875	\$ 492,059	\$ 635,583	78.67%	\$ 1,957	\$ 21,836	\$ 148,557
2021	(4)	486,833	66,407	529,928	95.79%		6,329	16,982
2020		676,595	2,108	649,985	95.77%		19,473	9,245
2019		566,677	791	562,320	99.09%			5,147
2018		790,493	10,229	796,948	99.53%		2,257	1,517

(1) Source: Borough Tax Assessor

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

(3) Source: Compiled Annual Financial Statement

(4) Levy and Collections include Reverse Appeals Billed for Current and Delinquent Taxes

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Balance December 31</u>
2022 (2) \$	94,026	\$ 6,693	\$ 6,802	\$ 93,917
2021	89,355	4,671		94,026
2020	84,750	4,605		89,355
2019	80,559	4,191		84,750
2018	78,078	3,390	909	80,559

FORECLOSED PROPERTY (1)

The Borough did not have any foreclosed property from 2018 through 2022.

WATER UTILITY COLLECTIONS(1)

<u>Year</u>	<u>Balance January 1</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>			<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Other Credits</u>	<u>Amount</u>	<u>Percentage</u>
2022 (2) \$	113,578	\$ 1,691,626	\$ 1,676,243	92.86%	\$ 4,930	\$ 124,031	7.33%
2021	79,268	1,421,562	1,387,252	92.43%		113,578	7.99%
2020	154,520	1,239,220	1,314,471	94.31%		79,268	6.40%
2019	100,523	1,225,161	1,171,164	88.34%		154,520	12.61%
2018	157,659	1,186,208	1,235,564	91.94%	7,780	100,523	8.47%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(3)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (4)</u>			
			<u>Municipal</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>
2023 (3) \$	815,863,100	N/A	N/A	N/A	N/A	N/A
2022	794,088,600	\$3.824	\$1.185	\$0.835	\$1.280	\$0.524
2021	788,494,700	3.899	1.185	0.893	1.295	0.526
2020	783,621,800	3.844	1.185	0.839	1.291	0.529
2019	783,550,100	3.805	1.166	0.850	1.266	0.523
2018	783,336,900	3.745	1.166	0.843	1.236	0.500

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

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita</u>	<u>Population</u>
2023	\$ 814,458,600	89.39%	\$ 911,129,433	\$ 77,828	11,707 (2)
2022	794,088,600	94.70%	838,530,729	71,626	11,707 (2)
2021	788,494,700	95.21%	828,163,743	70,741	11,707 (2)
2020	783,621,800	101.44%	772,497,831	65,986	11,707 (2)
2019	783,550,100	102.11%	767,358,829	67,549	11,360 (3)

REAL PROPERTY CLASSIFICATION(4)

<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	\$ 814,458,600	\$ 8,702,200	\$ 567,295,500	\$ 80,064,000	\$101,113,800	\$ 57,283,100
2022	794,088,600	8,946,600	566,595,800	72,532,200	88,730,900	57,283,100
2021	788,494,700	7,321,200	566,225,000	73,992,700	84,685,200	56,270,600
2020	783,621,800	7,219,000	565,967,900	69,416,300	84,693,200	56,325,400
2019	783,550,100	7,384,400	565,245,100	69,131,900	85,463,300	56,325,400

- (1) Source: State of New Jersey, Department of Treasury, Division of Taxation
(2) Based on Federal Census 2020 of 11,707
(3) Based on Estimates from the New Jersey Department of Labor for 2019
(4) Source: Borough Tax Assessor

**BOROUGH OF BELLMAWR
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2022**

The following table summarizes the direct debt of the Borough of Bellmawr 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, Water Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include school debt, reserve to pay debt, and debt considered to be self-liquidating. The resulting net debt of \$12,511,683 represents 1.48% of the average of equalized valuations for the Borough for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u>			<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>Deductions</u>			<u>Net Debt</u>
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>			<u>School Debt</u>	<u>Self- Liquidating Utility</u>	<u>Reserve for Payment of Debt</u>	
General	\$ 6,420,000	\$ 1,477,429	\$ 3,904,876	\$ 764,197	\$ 12,566,502			\$ 54,819	\$ 12,511,683
School - Local	1,988,000				1,988,000	\$ 1,988,000			
Water Utility	6,105,000	362,467	1,990,000	2,056,234	10,513,701		\$ 10,513,701		
	<u>\$ 14,513,000</u>	<u>\$ 1,839,896</u>	<u>\$ 5,894,876</u>	<u>\$ 2,820,431</u>	<u>\$ 25,068,203</u>	<u>\$ 1,988,000</u>	<u>\$ 10,513,701</u>	<u>\$ 54,819</u>	<u>\$ 12,511,683</u>

Source: Borough Records
As of: December 31, 2022

DEBT RATIOS AND VALUATIONS (1) (2)

Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	\$ 848,003,699
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	1.48%
2023 Net Valuation Taxable	\$ 815,863,100
2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 911,129,433
Gross Debt (3):	
As a percentage of 2023 Net Valuation Taxable	3.07%
As a percentage of 2023 Equalized Valuations	2.75%
Net Debt (3):	
As a percentage of 2023 Net Valuation Taxable	1.53%
As a percentage of 2023 Equalized Valuations	1.37%
Gross Debt Per Capita (4)	\$ 2,141
Net Debt Per Capita (4)	1,069

BOROUGH BORROWING CAPACITY (1) (2)

3.5% of Averaged (2020-2022) Equalized Valuation of Real Property including Improvements (\$848,003,699)	\$ 29,680,129
Net Debt	<u>12,511,683</u>
Remaining Borrowing Capacity	<u><u>\$ 17,168,446</u></u>

LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1) (5)

3% of Averaged (2020-2022) Equalized Valuation of Real Property including Improvements (\$848,003,699)	\$ 25,440,111
Local School Debt	<u>1,988,000</u>
Remaining Borrowing Capacity	<u><u>\$ 23,452,111</u></u>

REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY (1) (5)

3% of Averaged (2020-2022) Equalized Valuation of Real Property including Improvements (\$6,562,140,715)	\$ 196,864,221
Regional School Debt	<u>-</u>
Remaining Borrowing Capacity	<u><u>\$ 196,864,221</u></u>

-
- (1) As of December 31, 2022
 - (2) Source: Borough Records
 - (3) Excluding overlapping debt
 - (4) Based on Federal Census of 11,707
 - (5) Source: Borough Annual Debt Statement

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

	<u>Debt Issued</u>				Debt Authorized but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Camden:					
General:					
Bonds	\$ 64,387,267	\$ 22,237,615 (1)	\$ 42,149,652	\$ 821,918 (3)	\$ 71,990,250
Notes	42,980,000		42,980,000	838,110 (3)	
Loan Agreements	347,760,000		347,760,000	6,781,320 (3)	
Bonds Issued by Other Public Bodies Guaranteed by the County	223,550,595	223,550,595 (2)			
	<u>\$ 678,677,862</u>	<u>\$ 245,788,210</u>	<u>\$ 432,889,652</u>	<u>\$ 8,441,348</u>	<u>\$ 71,990,250</u>

Source: County of Camden

- (1) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Refunding Bonds.
- (2) Deductible in accordance with N.J.S. 40:37A-80.
- (3) 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 1.95%.

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 (unaudited). 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 BELLMAWR
SCHEDULE OF DEBT SERVICE - GENERAL CAPITAL AND WATER UTILITY DEBT
LONG TERM DEBT ONLY (1) (2)

Year	General			Water Utility			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Grand Total
2023	\$ 1,237,105	\$ 129,598	\$ 1,366,702	\$ 177,629	\$ 118,851	\$ 296,481	\$ 1,414,734	\$ 248,449	\$ 1,663,183
2024	1,083,476	108,808	1,192,283	177,629	118,519	296,148	1,261,105	227,326	1,488,431
2025	972,717	93,158	1,065,874	182,629	117,444	300,073	1,155,346	210,601	1,365,947
2026	905,717	73,758	979,474	182,629	115,494	298,123	1,088,346	189,251	1,277,597
2027	744,717	58,938	803,654	187,629	113,544	301,173	932,346	172,481	1,104,827
2028	744,717	51,538	796,254	187,629	111,544	299,173	932,346	163,081	1,095,427
2029	744,717	44,138	788,854	192,629	109,544	302,173	937,346	153,681	1,091,027
2030	724,266	29,638	753,904	197,629	105,844	303,473	921,896	135,481	1,057,377
2031	720,000	15,138	735,138	197,629	102,044	299,673	917,629	117,181	1,034,811
2032	10,000	638	10,638	202,629	98,238	300,867	212,629	98,875	311,504
2033	10,000	325	10,325	207,629	94,325	301,954	217,629	94,650	312,279
2034				217,629	90,300	307,929	217,629	90,300	307,929
2035				217,629	86,000	303,629	217,629	86,000	303,629
2036				222,629	81,700	304,329	222,629	81,700	304,329
2037				227,629	77,300	304,929	227,629	77,300	304,929
2038				232,629	72,800	305,429	232,629	72,800	305,429
2039				242,629	68,200	310,829	242,629	68,200	310,829
2040				247,629	63,400	311,029	247,629	63,400	311,029
2041				252,629	58,500	311,129	252,629	58,500	311,129
2042				257,629	53,500	311,129	257,629	53,500	311,129
2043				264,881	48,400	313,281	264,881	48,400	313,281
2044				265,000	43,100	308,100	265,000	43,100	308,100
2045				270,000	37,381	307,381	270,000	37,381	307,381
2046				280,000	31,556	311,556	280,000	31,556	311,556
2047				285,000	25,519	310,519	285,000	25,519	310,519
2048				295,000	19,375	314,375	295,000	19,375	314,375
2049				295,000	13,019	308,019	295,000	13,019	308,019
2050				300,000	6,750	306,750	300,000	6,750	306,750
	<u>\$ 7,897,429</u>	<u>\$ 605,670</u>	<u>\$ 8,503,099</u>	<u>\$ 6,467,467</u>	<u>\$ 2,082,189</u>	<u>\$ 8,549,656</u>	<u>\$ 14,364,896</u>	<u>\$ 2,687,859</u>	<u>\$ 17,052,755</u>

Source: Borough Records
(1) As of: December 31, 2022
(2) Bonded Debt and Loans

**BOROUGH OF BELLMAWR
2023 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 2,335,000.00
Miscellaneous Revenues:	
Local Revenues	858,000.00
State Aid without Offsetting Appropriations	1,287,113.65
Dedicated Uniform Construction Code Fees	180,000.00
Shared Service Agreements	375,433.62
Public and Private Programs Offset with Appropriations	680,727.16
Other Special Items Offset with Appropriations	1,773,250.61
Receipts from Delinquent Taxes	350,000.00
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax	<u>9,805,511.55</u>
Total Anticipated Revenues	<u><u>\$ 17,645,036.59</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 12,513,982.99
Deferred Charges and Statutory Expenditures	1,642,082.00
Excluded from CAPS:	
Other Operations	20,000.00
Shared Service Agreements	375,433.62
Public and Private Programs	683,502.64
Capital Improvements	60,000.00
Debt Service	1,527,055.28
Reserve for Uncollected Taxes	<u>822,980.06</u>
Total Appropriations	<u><u>\$ 17,645,036.59</u></u>

**BOROUGH OF BELLMAWR
2023 MUNICIPAL BUDGET (1)**

WATER UTILITY FUND

Anticipated Revenues:	
Operating Fund Balance	\$ 450,000.00
Rents	1,300,000.00
Miscellaneous	<u>2,000.00</u>
Total Anticipated Revenues	<u><u>\$ 1,752,000.00</u></u>
Appropriations:	
Operating	\$ 1,294,600.00
Debt Service	393,900.00
Statutory Expenditures	<u>63,500.00</u>
Total Appropriations	<u><u>\$ 1,752,000.00</u></u>

(1) As Introduced

**BOROUGH OF BELLMAWR
CAPITAL PROGRAM FOR THE YEARS 2023 - 2028**

	Estimated Total Cost	Capital Improvement Fund	Grants-in-Aid and Other Funds	Bonds and Notes	
				General	Self- Liquidating
<u>General Improvements</u>					
Reconstruction of Various Roads	\$ 1,473,000	\$ 26,150	\$ 950,000	\$ 496,850	
Purchase of Trash Truck	310,000	15,500		294,500	
Turnpike Pumping Station	50,000		50,000		
Replacement Generator Turnpike	400,000	4,570	395,430		
Camera System Rover X	55,000		55,000		
Pump Stations Upgrades	75,000		75,000		
Braisington Ave Playground	115,000	5,750		109,250	
EMS Oxygen Fill Station	20,000	1,000		19,000	
Upgrades to Municipal Offices	30,000	1,500		28,500	
Camera Installation Stage II	50,000	2,500		47,500	
Public Works Equipment	615,000	30,750		584,250	
Stormwater Management	375,000	18,750		356,250	
Sewer Force Main Upgrades	150,000	7,500		142,500	
Sewer Equipment	110,000	5,500		104,500	
Wet Well Upgrades	25,000	1,250		23,750	
Upgrades to Playground	88,000	4,400		83,600	
Reconstruction of Roads	940,000	47,000		893,000	
Police Mobile Camera System	25,000	1,250		23,750	
Purchase of Traffic Safety Devices	90,000	4,500		85,500	
Replacement of Portable Radio	60,000	3,000		57,000	
Purchase of Mark Utility Patrol Vehicle	45,000	2,250		42,750	
Ambulance Replacement	300,000	15,000		285,000	
Structural Firefighting PPE	100,000	5,000		95,000	
High Pressure Airbag Replacement	35,000	1,750		33,250	
OEM Highwater Vehicle Replacement	250,000	12,500		237,500	
<u>Water Utility</u>					
Construction of New Back Wash Tank	400,000				\$ 400,000
Electrical Upgrades Warren Avenue Treatment PI	500,000				500,000
PFNA Permanent Installation of System	500,000				500,000
Replacement of Utility Vehicle	90,000				90,000
Replacement of Water Mains	1,410,900				1,410,900
Fire Hydrants	60,000				60,000
Total - All Projects	\$ 8,746,900	\$ 217,370	\$ 1,525,430	\$ 4,043,200	\$ 2,960,900

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF BELLMAWR

FOR THE YEAR ENDED 2022

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Borough of Bellmawr, 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/ Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 1, 2023

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

ASSETS

Regular Fund:

Cash	\$ 5,046,077.67
Change Funds	350.00
	5,046,427.67

Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	651,853.88
Tax Title Liens Receivable	93,916.65
Consumer Accounts Receivable	796,383.04
Revenue Accounts Receivable	8,227.13
Prepaid Regional High School Tax	4.48
Due NJDOT Missing Moves	8,857.50
Due Camden County Municipal Utilities Authority	5,616.40
Due Bellmawr Redevelopment Agency	1,526.00
Due Bellmawr Board of Education	26,054.84
Due General Capital Fund	29,739.38
Due Water Operating Fund	1,725.50
Due Animal Control Trust Fund	1,024.57
	1,624,929.37

6,671,357.04

Federal, State and Other Grant Fund:

Cash	723,759.25
Grants Receivable	132,820.01
Due Trust Other Fund	57.85
	856,637.11

856,637.11

\$ 7,527,994.15

BOROUGH OF BELLMAWR**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	\$ 382,538.00
Reserve for Encumbrances	92,618.45
Accounts Payable	2,667.24
Prepaid Taxes	314,600.99
Tax Overpayments	30,842.66
Prepaid Sewer Rents	137,176.10
Sewer Overpayments	1,609.81
Due State of New Jersey:	
Veterans' and Senior Citizens' Deductions	23,514.69
DCA State Training Fees	1,167.00
Reserve for Special Emergencies	10,416.80
Reserve for Police Records Management	25,637.67
Reserve for Municipal Relief Fund	63,395.65
Due County for Added and Omitted Taxes	76,641.13
Local School District Taxes Payable	2.50
Due Bellmawr Housing	30.00
Due Trust Other Fund	162,679.54

1,325,538.23

Reserve for Receivables and Other Assets	1,624,929.37
Fund Balance	3,720,889.44

6,671,357.04

Federal, State and Other Grant Fund:

Reserve for Grants Unappropriated	629,350.58
Reserve for Grants Appropriated	149,730.57
Reserve for Encumbrances	77,555.96

856,637.11

\$ 7,527,994.15

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF BELLMAWR
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	\$ 1,746,785.00
Miscellaneous Revenue Anticipated	5,561,199.50
Receipts from Delinquent Taxes	642,385.43
Receipts from Current Taxes	30,531,538.62
Non-Budget Revenues	466,314.14
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	317,319.74
Statutory Excess in Dog License Fund	1,022.75
Reserves Liquidated:	
Prepaid School Taxes	3.00
Due Animal Control Trust Fund	817.42
Due Bellmawr Board of Education	969.41
	969.41
Total Income	39,268,355.01

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS":	
Salaries and Wages	6,418,876.77
Other Expenses	5,213,515.16
Deferred Charges and Statutory Expenditures Within "CAPS"	1,603,383.63
Operations - Excluded from "CAPS":	
Other Expenses	595,961.89
Capital Improvements - Excluded from "CAPS"	445,000.00
Municipal Debt Service - Excluded from "CAPS"	1,424,250.95
Municipal Deferred Charges - Excluded from "CAPS"	19,973.11
County Taxes	6,631,103.66
County Share of Added and Omitted Taxes	76,641.13
Local District School Tax	10,159,623.00
Regional High School Tax	4,160,116.00
State of New Jersey - Senior Citizens' and Veterans'	
Deductions Disallowed by Tax Collector - Prior Year Taxes	1,354.12
Refund of Prior Year Revenue	5,986.52
Reserves Created:	
Due Water Operating Fund	1,725.50
Due General Capital Fund	29,739.38
Due Camden County Municipal Utilities Authority	5,616.40
	5,616.40
Total Expenditures	36,792,867.22

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

Statutory Excess to Fund Balance	\$ 2,475,487.79
<u>Fund Balance</u>	
Balance Jan. 1	<u>2,992,186.65</u>
	5,467,674.44
Utilized as Revenue	<u>1,746,785.00</u>
Balance Dec. 31	<u><u>\$ 3,720,889.44</u></u>

See Independent Accountant's Compilation Report and selected notes.

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

ASSETS

Animal Control Fund:	
Cash	\$ 3,612.17
Length of Service Award Program:	
Investments - Length of Service Awards Program	298,209.26
Trust Other Funds:	
Cash	1,210,774.72
Community Development Block Grant Receivable	11,115.32
Accounts Receivable	29,172.50
Due Current Fund	162,679.54
Due Water Utility Operating Fund	223,545.29
Due Bank	90.24
	1,637,377.61
	\$ 1,939,199.04

LIABILITIES AND RESERVES

Animal Control Fund:	
Reserve for Animal Control Fund Expenditures	\$ 2,491.60
Due State of New Jersey	96.00
Due Current Fund	1,024.57
	3,612.17
Length of Service Award Program:	
Reserve for Length of Service Awards Program	298,209.26
Trust Other Funds:	
Due Federal and State Grant Fund	57.85
Due General Capital Fund	214,241.04
Reserve for Law Enforcement Funds	40,321.67
Reserve for Off Duty Police	49,549.36
Reserve for Site Plan Review Escrow Deposits	314,814.39
Reserve for Redemption of Tax Sale Certificates	20,199.44
Reserve for Premiums Received at Tax Sale	792,800.00
Reserve for Parking Offenses Adjudication Act Funds	677.19
Reserve for Public Defender Fees	12,303.55
Reserve for Donations for the Needy	12,143.02
Reserve for Developers Escrow	4,551.29
Reserve for Flexible Spending Account	137.94
Reserve for Police Drug Enforcement	33.17
Reserve for Municipal Alliance	305.25
Reserve for Community Beautification Donations	3,357.42
Reserve for Recreation	3,000.00
Reserve for Unemployment Compensation Insurance	1,352.28
Reserve for Community Development Block Grants	97,024.55
Payroll Deductions Payable	64,068.57
Reserve for Encumbrances	6,439.63
	1,637,377.61
	\$ 1,939,199.04

See Independent Accountant's Compilation Report and selected notes.

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

ASSETS

Cash	\$ 1,516,789.98
Accounts Receivable	2,200,229.90
Due Trust Other Fund	214,241.04
Due Water Utility Operating Fund	85,551.89
Deferred Charges to Future Taxation:	
Funded	7,897,429.48
Unfunded	4,503,017.42
	\$ 16,417,259.71

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	\$ 13,269.00
Due Current Fund	29,739.38
Due Water Utility Capital Fund	283,245.86
Improvement Authorizations:	
Funded	1,534,311.58
Unfunded	1,863,449.93
Reserve for Encumbrances and Contracts Payable	180,820.62
Reserve for Payment of Bonds and Notes	54,818.94
Reserve for Sewer Improvements	389,404.00
Bond Anticipation Notes	3,904,876.00
General Serial Bonds	6,420,000.00
New Jersey Environmental Infrastructure Trust Loan Payable	1,477,429.48
Reserve for Accounts Receivable	233,944.61
Fund Balance	31,950.31
	\$ 16,417,259.71

See Independent Accountant's Compilation Report and selected notes.

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

ASSETS

Operating Fund:

Cash	\$ 2,156,434.62
Change Fund	50.00
Due Water Utility Capital Fund	<u>214.19</u>

2,156,698.81

Receivables with Full Reserves:

Consumer Accounts Receivable	<u>124,030.96</u>
------------------------------	-------------------

2,280,729.77

Capital Fund:

Cash	542,135.01
Due General Capital Fund	283,245.86
Fixed Capital	4,097,879.95
Fixed Capital Authorized and Uncompleted	<u>11,108,000.00</u>

16,031,260.82

\$ 18,311,990.59

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

LIABILITIES, RESERVES AND FUND BALANCES

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 52,816.71
Reserve for Encumbrances	325,460.00
Accounts Payable	3,000.00
Water Rent Prepayments	105,448.63
Water Rent Overpayments	1,378.83
Accrued Interest on Bonds, Notes and Loans	74,159.16
Due Current Fund	1,725.50
Due Trust Other Fund	223,545.29
Due General Capital Fund	85,551.89

873,086.01

Reserves for Receivables 124,030.96

Fund Balance 1,283,612.80

Total Operating Fund 2,280,729.77

Capital Fund:

Due Water Operating Fund 214.19

Improvement Authorizations:

Funded 370,290.66

Unfunded 2,442,982.69

Capital Improvement Fund 41,701.09

Reserve for Encumbrances 23,224.50

Reserve for Amortization 4,613,772.95

Reserve for Deferred Amortization 81,607.84

General Obligation Bonds 6,105,000.00

Bond Anticipation Notes 1,990,000.00

New Jersey Infrastructure Loans Payable 362,466.90

Total Capital Fund 16,031,260.82

\$ 18,311,990.59

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF BELLMAWR
WATER UTILITY OPERATING FUND
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2022

Revenue and Other Income Realized

Operating Surplus Anticipated	\$ 440,115.00
Rents	1,676,242.50
Miscellaneous	9,179.92
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	237,848.91
Total Income	2,363,386.33

Expenditures

Operating	1,240,000.00
Debt Service	304,153.37
Deferred Charges and Statutory Expenditures	66,500.00
Total Expenditures	1,610,653.37

Statutory Excess to Fund Balance	752,732.96
----------------------------------	------------

Fund Balance

Balance Jan. 1	970,994.84
	1,723,727.80
Decreased by:	
Utilized as Revenue	440,115.00
Balance Dec. 31	\$ 1,283,612.80

See Independent Accountant's Compilation Report and selected notes.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Bellmawr (hereafter referred to as the "Borough") was incorporated as a Borough by an act of the New Jersey legislature in March 1926. The Borough, located in Camden County, New Jersey, has a total area of approximately three square miles, and is located approximately ten miles southeast from the City of Philadelphia. The Borough borders the Boroughs of Barrington, Brooklawn, Haddon Heights, Mount Ephraim, Westville, the Township of Deptford, and the City of Gloucester City. According to the 2020 census, the population is 11,707.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the 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.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

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

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

FOR THE YEARS ENDED 2021, 2020, 2019, 2018 AND 2017

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

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 Bellmawr, 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 Bellmawr, 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 Bellmawr, 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 Borough'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

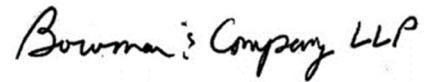
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance 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,

Handwritten signature of Bowman & Company LLP in black ink.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Handwritten signature of Robert S. Marrone in black ink.

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 22, 2022

BOROUGH OF BELLMAWR
CURRENT FUND

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

ASSETS	As of December 31,				
	2021	2020	2019	2018	2017
Regular Fund:					
Cash and Investments	\$ 4,295,052.37	\$ 4,701,114.50	\$ 4,537,739.19	\$ 4,175,966.33	\$ 3,700,917.58
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	315,875.41	486,832.78	676,595.26	566,676.88	790,492.73
Tax Title Liens Receivable	94,026.13	89,355.12	84,750.02	80,558.62	78,077.54
Prepaid Regional High School Tax				2.48	0.50
Other Accounts Receivable	777,029.47	724,307.16	630,627.49	478,559.03	557,074.37
Interfunds Receivable	1,841.99	8,674.92	2,033.62	365,406.70	148,726.52
Deferred Charges:					
Special Emergency - Revaluation					5,000.00
Emergency Appropriation			18,650.00		55,228.22
Overexpenditure of Appropriations				1,117.33	
Total Current Fund	5,483,825.37	6,010,284.48	5,950,395.58	5,668,287.37	5,335,517.46
Federal and State Grant Fund:					
Cash	734,205.56	166,002.66	158,689.60	42,063.65	97,767.72
Federal and State Grants Receivable	94,656.54	71,129.42	84,876.28	187,843.71	1,102,761.66
Interfunds Receivable	57.85	57.85	57.85	57.85	57.85
Total Federal and State Grant Fund	828,919.95	237,189.93	243,623.73	229,965.21	1,200,587.23
	\$ 6,312,745.32	\$ 6,247,474.41	\$ 6,194,019.31	\$ 5,898,252.58	\$ 6,536,104.69
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Liabilities and Reserves:					
Appropriation Reserves	\$ 389,642.75	\$ 672,409.77	\$ 729,068.29	\$ 504,052.86	\$ 853,238.57
Reserve for Encumbrances	149,935.58	152,156.94	35,825.44	16,068.71	110,852.50
Accounts Payable	2,245.57	1,645.57	170.70	1,500.00	1,690.00
Reserve for Tax Revaluation and Preparation of Tax Map	15,314.80	15,314.80	15,314.80	16,795.80	19,018.05
Tax Overpayments	55,194.15	526.20	1,572.95	6,129.29	6,545.90
Sewer Overpayments	671.18	645.88	625.49	425.00	862.07
Reserve for Police Records Management	29,362.67	26,362.67	34,477.52	12,000.00	
Prepaid Taxes	278,850.45	310,698.04	234,763.47	290,592.86	307,060.03
Prepaid Sewer Rents	16,301.87	6,497.77	5,728.24	3,965.19	4,113.37
Due to the State of New Jersey	37,842.18	35,904.96	34,457.85	29,496.87	36,083.80
Due County for Added and Omitted Taxes	32,308.10	18,802.87	17,933.71	20,398.39	4,427.04
Due to Bank				6,623.52	6,626.52
Due Bellmawr Housing	30.00	30.00	30.00	30.00	30.00
Due to CCMUA	849.16	849.16			
Local School District Taxes Payable	2.50	2.50	2.50	2.50	2.50
Regional High School Taxes Payable			0.52		
Interfunds Payable	294,314.76	532,966.36	664,302.81	338,703.97	92,868.81
Reserves for Receivables and Other Assets	1,188,773.00	1,309,169.98	1,394,006.39	1,491,203.71	1,574,371.66
Fund Balance	2,992,186.65	2,926,301.01	2,782,114.90	2,930,298.70	2,317,726.64
Total Current Fund	5,483,825.37	6,010,284.48	5,950,395.58	5,668,287.37	5,335,517.46
Federal and State Grant Fund:					
Reserve for Encumbrances	4,058.48	4,481.00	9,860.00		6,105.86
Appropriated Reserves	215,947.08	149,739.98	126,893.30	139,030.59	1,048,160.99
Unappropriated Reserves	608,914.39	43,180.55	67,082.03	51,146.22	106,531.98
Interfund Payables		39,788.40	39,788.40	39,788.40	39,788.40
Total Federal and State Grant Fund	828,919.95	237,189.93	243,623.73	229,965.21	1,200,587.23
	\$ 6,312,745.32	\$ 6,247,474.41	\$ 6,194,019.31	\$ 5,898,252.58	\$ 6,536,104.69

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

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

	For the Years Ended December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES AND OTHER INCOME REALIZED:					
Fund Balance Utilized	\$ 1,724,615.00	\$ 1,745,000.00	\$ 1,408,000.00	\$ 1,045,000.00	\$ 1,045,000.00
Miscellaneous Revenue Anticipated	4,193,002.57	4,072,841.67	3,762,944.69	4,174,232.43	4,588,825.36
Receipts from Delinquent Taxes	529,927.90	649,984.61	562,320.44	797,857.00	507,678.58
Receipts from Current Taxes	30,630,742.30	29,823,810.92	29,159,900.56	28,817,738.40	28,446,278.80
Non-Budget Revenues	309,451.80	597,742.52	352,313.14	326,108.01	575,090.25
Other Credits to Income	574,033.89	492,929.60	324,172.09	607,611.98	298,694.06
Liquidation of Reserves for Interfunds and Other Receivables	9,059.02	32,955.38	363,654.54	2,260.18	320,744.11
Total Revenues	37,970,832.48	37,415,264.70	35,933,305.46	35,770,808.00	35,782,311.16
EXPENDITURES:					
Budget Appropriations:					
Operations Within "CAPS":					
Salaries and Wages	6,153,585.65	6,105,384.93	5,817,014.95	5,641,269.66	5,710,816.04
Other Expenses	5,045,739.00	5,062,391.64	4,574,279.64	4,764,070.63	5,020,561.63
Statutory Expenditures Within "CAPS"	1,503,861.89	1,331,245.00	1,369,198.33	1,209,181.22	1,205,605.63
Operations Excluded From "CAPS":					
Salaries and Wages	27,000.00				
Other Expenses	483,444.03	439,887.52	543,867.93	505,869.99	657,130.34
Capital Improvements Excluded From "CAPS"	75,000.00	100,000.00	98,650.00	85,000.00	125,228.22
Debt Service	1,436,857.76	1,565,764.33	1,479,578.00	1,376,054.04	1,286,505.47
Deferred Charge -- Excluded From "CAPS"		18,650.00		60,228.22	69,500.00
County Taxes and County Share of Added and Omitted Taxes	7,067,782.92	6,597,076.92	6,672,340.77	6,618,310.43	6,744,652.11
Local School District Tax	10,211,541.00	10,115,587.00	9,921,026.00	9,683,668.00	9,453,499.00
Regional High School Tax	4,145,692.00	4,142,322.00	4,099,707.00	3,916,781.00	3,946,614.00
Overpayments Created from Prior year Appeals					3,000.00
Prior Year Senior Citizens and Veterans Deductions Disallowed	2,500.00	2,107.64	791.68	6,025.35	3,225.35
Refund of Prior Year Revenue	1,400.00	17,635.15	49,711.01	22,220.18	
Cancellation of Grants Receivable	2,113.91				
Cancellation of Accounts Receivable	14,011.11				
Creation of Reserve for Interfunds and Other Receivables	9,802.57	28,026.46	65,973.95	224,557.22	147,003.44
Total Expenditures	36,180,331.84	35,526,078.59	34,692,139.26	34,113,235.94	34,373,341.23
Excess Revenues over Expenditures	1,790,500.64	1,889,186.11	1,241,166.20	1,657,572.06	1,408,969.93
Adjustments to Income Before Fund Balance:					
Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year			18,650.00		55,228.22
Statutory Excess to Fund Balance	1,790,500.64	1,889,186.11	1,259,816.20	1,657,572.06	1,464,198.15
FUND BALANCE:					
January 1	2,926,301.01	2,782,114.90	2,930,298.70	2,317,726.64	1,898,528.49
Decreased by:	4,716,801.65	4,671,301.01	4,190,114.90	3,975,298.70	3,362,726.64
Utilized in Budget	1,724,615.00	1,745,000.00	1,408,000.00	1,045,000.00	1,045,000.00
December 31	<u>\$ 2,992,186.65</u>	<u>\$ 2,926,301.01</u>	<u>\$ 2,782,114.90</u>	<u>\$ 2,930,298.70</u>	<u>\$ 2,317,726.64</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Dog License Fund:					
Cash	\$ 5,441.39	\$ 6,093.75	\$ 7,181.73	\$ 8,637.98	\$ 12,149.76
Other Funds:					
Cash -- Treasurer	1,461,192.31	892,890.41	727,843.93	676,854.26	916,063.59
Accounts Receivable	15,121.93	26,098.50	63,933.50		
Accounts Receivable-Community Development					
Block Grant	11,115.32	11,115.32	39,465.32	98,465.32	110,765.32
Investments - Length of Service Awards Program	378,301.74	344,142.89	316,257.08	277,104.91	269,133.39
Interfunds Receivable	77,858.94	99,155.58	77,666.57	9,304.25	15,730.11
Due from Bank	90.24	90.24	160.24	85.24	85.24
	<u>1,943,680.48</u>	<u>1,373,492.94</u>	<u>1,225,326.64</u>	<u>1,061,813.98</u>	<u>1,311,777.65</u>
	<u>\$ 1,949,121.87</u>	<u>\$ 1,379,586.69</u>	<u>\$ 1,232,508.37</u>	<u>\$ 1,070,451.96</u>	<u>\$ 1,323,927.41</u>
<u>LIABILITIES AND RESERVES</u>					
Animal Control Fund:					
Reserve for Dog Fund Expenditures	\$ 3,453.00	\$ 5,047.43	\$ 5,071.20	\$ 4,932.00	\$ 6,619.80
Reserve for Encumbrances				438.00	
Due to State of New Jersey	146.40	146.40	136.80	6.60	8.40
Interfund Payable	1,841.99	899.92	1,973.70	3,261.35	5,521.53
Due to Bank			0.03	0.03	0.03
	<u>5,441.39</u>	<u>6,093.75</u>	<u>7,181.73</u>	<u>8,637.98</u>	<u>12,149.76</u>
Length of Service Award Program:					
Reserve for Length of Service Awards Program	378,301.74	344,142.89	316,257.08		
Other Funds:					
Interfund Payable	250,057.85	57.85	57.85	22,869.95	27,414.03
Reserves and Special Deposits	1,155,443.60	858,196.70	646,866.52	863,336.21	1,115,976.89
Due to State of New Jersey - Crime					
Compensation Insurance					6,439.63
Payroll Deductions Payable	62,852.74	74,070.95	165,120.64	78,583.27	51,181.78
Reserve for CDBG	97,024.55	97,024.55	97,024.55	97,024.55	110,765.32
	<u>1,565,378.74</u>	<u>1,029,350.05</u>	<u>909,069.56</u>	<u>1,061,813.98</u>	<u>1,311,777.65</u>
	<u>\$ 1,949,121.87</u>	<u>\$ 1,379,586.69</u>	<u>\$ 1,232,508.37</u>	<u>\$ 1,070,451.96</u>	<u>\$ 1,323,927.41</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 1,713,578.09	\$ 351,398.61	\$ 253,530.38	\$ 1,379,586.89	\$ 1,533,468.48
Accounts Receivable	953,102.62	1,347,708.20	364,237.69	255,820.88	275,089.60
Interfunds Receivable	274,850.64	461,838.71	669,972.22	408,916.87	156,655.85
Deferred Charges to Future Taxation:					
Funded	9,114,612.14	10,331,229.72	4,338,781.02	5,127,107.68	6,177,106.96
Unfunded	3,628,057.92	2,095,472.36	7,655,602.22	6,319,670.04	5,112,779.21
	<u>\$ 15,684,201.41</u>	<u>\$ 14,587,647.60</u>	<u>\$ 13,282,123.53</u>	<u>\$ 13,491,102.36</u>	<u>\$ 13,255,100.10</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Capital Improvement Fund	\$ 1,611.00	\$ 22,654.00	\$ 13,991.00	\$ 9,041.00	\$ 10,627.00
Interfunds Payable	292,550.11	9,304.25	9,304.25	9,304.25	9,304.25
Reserve for Sewer Improvements	14,404.00	14,404.00	14,404.00	14,404.00	14,404.00
Reserve for Payment of Bonds and Notes	102,318.94	149,818.94	82,233.98	119,033.98	136,267.82
Improvement Authorizations:					
Funded	1,241,811.84	1,040,499.29	232,518.72	360,281.97	232,518.72
Unfunded	2,228,456.50	1,613,103.35	1,672,062.05	1,776,602.13	1,050,451.95
Contracts Payable					415,127.62
Reserve for Encumbrances	287,786.57	1,095,983.74	268,731.61	187,042.45	277,648.62
Bond Anticipation Notes	1,968,700.00	278,700.00	6,622,887.00	5,861,075.00	4,904,433.26
NJEIT Loan Payable	2,024,178.58	2,622,089.86	3,212,145.82	3,790,183.94	4,630,097.40
Green Acres Loan Payable	5,433.56	16,139.86	26,635.20	36,923.74	47,009.56
General Serial Bonds	7,085,000.00	7,693,000.00	1,100,000.00	1,300,000.00	1,500,000.00
Reserve for Accounts Receivable	400,000.00				
Fund Balance	31,950.31	31,950.31	27,209.90	27,209.90	27,209.90
	<u>\$ 15,684,201.41</u>	<u>\$ 14,587,647.60</u>	<u>\$ 13,282,123.53</u>	<u>\$ 13,491,102.36</u>	<u>\$ 13,255,100.10</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash - Treasurer	\$ 1,285,551.33	\$ 1,118,367.21	\$ 933,123.99	\$ 1,651,453.98	\$ 2,264,939.94
Change Fund - Collector	50.00	50.00	50.00	50.00	50.00
Interfunds Receivable	139,522.88	94,735.08	33,236.51	22,812.10	27,356.18
	<u>1,425,124.21</u>	<u>1,213,152.29</u>	<u>966,410.50</u>	<u>1,674,316.08</u>	<u>2,292,346.12</u>
Receivables with Full Reserves:					
Due From Bank			3,271.00	3,271.00	3,271.00
Consumer Accounts Receivable	113,578.04	79,268.41	154,519.92	100,523.43	157,659.46
	<u>113,578.04</u>	<u>79,268.41</u>	<u>157,790.92</u>	<u>103,794.43</u>	<u>160,930.46</u>
Deferred Charges:					
Emergency Appropriation					23,500.00
	-	-	-	-	<u>23,500.00</u>
	<u>\$ 1,538,702.25</u>	<u>\$ 1,292,420.70</u>	<u>\$ 1,124,201.42</u>	<u>\$ 1,778,110.51</u>	<u>\$ 2,476,776.58</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Appropriation Reserves	\$ 263,409.26	\$ 608,713.84	\$ 196,606.99	\$ 66,214.22	\$ 76,026.40
Reserves for Encumbrances	28,280.28	22,960.22	57,943.91		4,081.95
Water Rent Prepayments	2,541.01	66,327.42	128,866.31	104,307.92	86,828.45
Water Rent Overpayments	1,799.94	1,981.81	2,306.68	1,818.55	1,884.03
Accrued Interest on Bonds, Notes and Loans	55,964.92	2,934.90	23,863.94	23,937.49	16,378.91
Reserve for Maintenance of Elevated Water Tanks				65,020.00	65,020.00
Interfunds Payable	102,133.96	424.50	4,303.25	748,173.32	1,604,623.56
	<u>454,129.37</u>	<u>703,342.69</u>	<u>413,891.08</u>	<u>1,009,471.50</u>	<u>1,854,843.30</u>
Reserves for Receivables	113,578.04	79,268.41	157,790.92	103,794.43	160,930.46
Fund Balance	970,994.84	509,809.60	552,519.42	664,844.58	461,002.82
	<u>\$ 1,538,702.25</u>	<u>\$ 1,292,420.70</u>	<u>\$ 1,124,201.42</u>	<u>\$ 1,778,110.51</u>	<u>\$ 2,476,776.58</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 1,304,458.95	\$ 2,510,906.09	\$ 318,730.55		
Interfunds Receivable	533,245.86			\$ 417,703.86	\$ 1,460,994.07
Fixed Capital	4,097,879.95	4,097,879.95	4,051,081.69	3,901,081.69	3,901,081.69
Fixed Capital Authorized and Uncompleted	8,518,000.00	8,218,000.00	7,098,000.00	4,505,000.00	4,050,000.00
	<u>\$ 14,453,584.76</u>	<u>\$ 14,826,786.04</u>	<u>\$ 11,467,812.24</u>	<u>\$ 8,823,785.55</u>	<u>\$ 9,412,075.76</u>
 <u>LIABILITIES AND RESERVES</u>					
Interfunds Payable	\$ 86,479.49	\$ 81,020.86	\$ 63,236.51	\$ 30,000.00	\$ 30,000.00
Improvement Authorizations:					
Funded	1,277,710.10	2,252,497.52	3,201.74		
Unfunded	1,399,337.12	1,124,636.00	3,378,767.43	1,394,698.77	2,587,988.98
Capital Improvement Fund	41,701.09	41,701.09	41,701.09	41,701.09	41,701.09
Accrued Interest on Bonds		43,116.38			
Reserve for Encumbrances	185,509.27	120,966.50	33,057.78	150,000.00	
Reserve for Amortization	4,395,248.65	4,207,619.35	4,169,990.05	3,843,207.16	3,785,777.85
Reserve for Deferred Amortization	81,607.84	81,607.84	81,607.84	81,607.84	81,607.84
Bond Anticipation Notes	300,000.00		3,255,000.00	3,255,000.00	2,830,000.00
General Obligation Bonds	6,270,000.00	6,445,000.00			
NJ Wastewater Treatment Loan Payable	415,991.20	428,620.50	441,249.80	27,570.69	55,000.00
	<u>\$ 14,453,584.76</u>	<u>\$ 14,826,786.04</u>	<u>\$ 11,467,812.24</u>	<u>\$ 8,823,785.55</u>	<u>\$ 9,412,075.76</u>

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

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

	For The Year Ended December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:					
Fund Balance Anticipated	\$ 385,000.00	\$ 379,450.00	\$ 273,450.00	\$ 10,000.00	
Rents	1,387,252.13	1,314,471.08	1,171,164.33	1,235,563.61	\$ 1,168,369.56
Miscellaneous Revenues	5,815.69	23,846.78	22,668.74	41,011.70	26,058.42
Reserve for Maintenance of Water Tank			65,020.00		
Total Budget Revenues	1,778,067.82	1,717,767.86	1,532,303.07	1,286,575.31	1,194,427.98
Other Credits to Income	588,238.43	108,889.67	48,825.47	16,661.21	22,514.02
Total Income	2,366,306.25	1,826,657.53	1,581,128.54	1,303,236.52	1,216,942.00
OPERATING EXPENSES:					
Operating	1,153,826.94	1,341,553.43	1,254,898.87	896,273.40	872,534.50
Capital Outlay					10,000.00
Debt Service	299,794.07	78,592.92	98,604.83	103,121.36	61,095.58
Statutory Expenditures	66,500.00	66,500.00	66,500.00	90,000.00	113,963.79
Cancellation of Due Bank		3,271.00			
Total Expenditures	1,520,121.01	1,489,917.35	1,420,003.70	1,089,394.76	1,057,593.87
Excess of Revenues over Expenditures	846,185.24	336,740.18	161,124.84	213,841.76	159,348.13
Adjustment to Income Before Fund Balance: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years					23,500.00
Statutory Excess to Fund Balance	846,185.24	336,740.18	161,124.84	213,841.76	182,848.13
Fund Balances January 1	509,809.60	552,519.42	664,844.58	461,002.82	478,154.69
Decreased by:	1,355,994.84	889,259.60	825,969.42	674,844.58	661,002.82
Realized as Revenue in Current Fund					200,000.00
Realized as Revenue	385,000.00	379,450.00	273,450.00	10,000.00	
Fund Balance December 31	\$ 970,994.84	\$ 509,809.60	\$ 552,519.42	\$ 664,844.58	\$ 461,002.82

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Bellmawr (hereafter referred to as the "Borough") was incorporated as a Borough by an act of the New Jersey legislature in March 1926. The Borough, located in Camden County, New Jersey, has a total area of approximately three square miles, and is located approximately ten miles southeast from the City of Philadelphia. The Borough borders the Boroughs of Barrington, Brooklawn, Haddon Heights, Mount Ephraim, Westville, the Township of Deptford, and the City of Gloucester City. According to the 2020 census, the population is 11,707.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the 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.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

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

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

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 \$11,130,816.13 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 10,168,314.94
Uninsured and Uncollateralized	<u>962,501.19</u>
Total	<u>\$ 11,130,816.13</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>\$ 3.899</u>	<u>\$ 3.844</u>	<u>\$ 3.805</u>	<u>\$ 3.745</u>	<u>\$ 3.701</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.185	\$ 1.185	\$ 1.166	\$ 1.166	\$ 1.146
County	0.893	0.839	0.850	0.843	0.856
Local School	1.295	1.291	1.266	1.236	1.199
Regional School	0.526	0.529	0.523	0.500	0.500

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2021	\$ 788,494,700.00
2020	783,621,800.00
2019	783,550,100.00
2018	783,336,900.00
2017	788,389,400.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2021	\$ 30,949,300.55	\$ 30,630,742.30	98.97%
2020	30,343,082.92	29,823,810.92	98.29%
2019	29,894,292.06	29,159,900.56	97.54%
2018	29,426,553.08	28,817,738.40	97.93%
2017	29,197,434.03	28,446,278.80	97.43%

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	\$ 94,026.13	\$ 315,875.41	\$ 409,901.54	1.33%
2020	89,355.12	486,832.78	576,187.90	1.90%
2019	84,750.02	676,595.26	761,345.28	2.55%
2018	80,558.62	566,676.88	647,235.50	2.20%
2017	78,077.54	790,492.73	868,570.27	2.97%

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	8
2020	8
2019	8
2018	8
2017	9

Note 4: WATER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2021	\$ 79,268.41	---	\$ 1,421,561.76	\$ 1,500,830.17	\$ 1,387,252.13
2020	154,519.92	---	1,239,219.57	1,393,739.49	1,314,471.08
2019	100,523.43	---	1,225,160.82	1,325,684.25	1,171,164.33
2018	157,659.46	---	1,186,207.94	1,343,867.40	1,235,563.61
2017	139,243.55	---	1,186,848.45	1,326,092.00	1,168,369.56

Note 5: SEWER SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy*</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2021	\$ 687,870.09	---	\$ 479,656.78	\$ 1,167,526.87	\$ 437,131.43
2020	572,460.23	---	556,844.17	1,129,304.40	441,434.31
2019	447,154.36	---	559,008.45	1,006,162.81	433,702.58
2018	359,954.59	---	527,607.63	887,562.22	440,407.66
2017	282,276.20	---	516,289.46	798,565.66	437,473.61

*Includes penalties charged.

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	\$ 2,992,186.65	\$ 1,746,785.00	58.38%
2020	2,926,301.01	1,724,615.00	58.93%
2019	2,782,114.90	1,745,000.00	62.72%
2018	2,930,298.70	1,408,000.00	48.05%
2017	2,259,195.61	1,045,000.00	46.26%

Note 6: FUND BALANCES APPROPRIATED (CONT'D)

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 (cont'd):

Water Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2021	\$ 970,994.84	\$ 440,115.00	45.33%
2020	509,809.60	385,000.00	75.52%
2019	552,519.42	379,450.00	68.68%
2018	664,844.58	273,450.00	41.13%
2017	461,002.82	-	-

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	\$ 1,841.99	\$ 294,314.76
Federal and State Grant	57.85	
Trust - Animal Control		1,841.99
Trust - Other	77,858.94	250,057.85
General Capital	274,850.64	292,550.11
Water Utility - Operating	139,522.88	102,133.96
Water Utility - Capital	533,245.86	86,479.49
Totals	<u>\$ 1,027,378.16</u>	<u>\$ 1,027,378.16</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-an amendment of GASB Statement No. 27*. 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.

Note 8: PENSION PLANS (CONT'D)

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 15.77% 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 \$463,408.00, 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 \$400,265.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$226,487.56.

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 31.00% 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 \$672,760.00, 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 \$586,678.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$219,506.12.

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 4.28% 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 \$92,925.00, and is 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 \$75,622.00, 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 \$2,320.92, and the Borough's contributions were \$1,266.00. 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 \$6,907,972.00. 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 0.0423610023%, which was an increase of 0.0012113402% 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 \$296,380.00. 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 \$400,265.00, 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	\$ 7,781,215.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,207,609.00</u>
	<u>\$ 8,988,824.00</u>

Pension Liability - 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 0.0602199742%, which was an increase of 0.0021394034% 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 0.0602199742%, which was an increase of 0.0021394034% from its proportion, on-behalf of the Borough, measured as of June 30, 2019.

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 - 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 \$626,894.00. 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 \$586,678.00, and was paid on April 1, 2020.

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 \$136,858.00. 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		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 125,783.00	\$ 78,448.00	\$ 204,231.00	\$ 24,430.00	\$ 27,926.00	\$ 52,356.00
Changes of Assumptions	224,102.00	19,581.00	243,683.00	2,892,433.00	2,086,097.00	4,978,530.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	236,120.00	456,249.00	692,369.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	340,603.00	850,499.00	1,191,102.00	289,368.00	383,836.00	673,204.00
Borough Contributions Subsequent to the Measurement Date	231,704.00	336,380.00	568,084.00	-	-	-
	<u>\$ 1,158,312.00</u>	<u>\$ 1,741,157.00</u>	<u>\$ 2,899,469.00</u>	<u>\$ 3,206,231.00</u>	<u>\$ 2,497,859.00</u>	<u>\$ 5,704,090.00</u>

Deferred outflows of resources in the amounts of \$231,704.00 and \$336,380.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending 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,	PERS	PFRS	Total
2021	\$ (819,375.00)	\$ (614,343.00)	\$ (1,433,718.00)
2022	(807,359.00)	(389,960.00)	(1,197,319.00)
2023	(480,651.00)	(36,820.00)	(517,471.00)
2024	(141,196.00)	(38,787.00)	(179,983.00)
2025	(31,042.00)	(13,172.00)	(44,214.00)
	<u>\$ (2,279,623.00)</u>	<u>\$ (1,093,082.00)</u>	<u>\$ (3,372,705.00)</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:

	PERS	PFRS
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:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 8,695,984.00	\$ 6,907,972.00	\$ 5,390,794.00

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:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 10,347,414.00	\$ 7,781,215.00	\$ 5,649,790.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,605,872.00</u>	<u>1,207,609.00</u>	<u>876,822.00</u>
	<u>\$ 11,953,286.00</u>	<u>\$ 8,988,824.00</u>	<u>\$ 6,526,612.00</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)

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0423610023%	0.0411496621%	0.0424003002%	0.0434901724%
Borough's Proportionate Share of the Net Pension Liability	\$ 6,907,972.00	\$ 7,414,545.00	\$ 8,348,408.00	\$ 10,123,817.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 2,997,272.00	\$ 2,872,728.00	\$ 2,977,580.00	\$ 3,075,872.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	230.48%	258.10%	280.38%	329.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0420185729%	0.0403417669%	0.0397980034%	0.0368255503%
Borough's Proportionate Share of the Net Pension Liability	\$ 12,444,696.00	\$ 9,055,918.00	\$ 7,451,275.00	\$ 7,038,094.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 2,872,416.00	\$ 2,580,384.00	\$ 2,449,300.00	\$ 2,521,224.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	433.25%	350.95%	304.22%	279.15%
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	\$ 463,408.00	\$ 400,265.00	\$ 421,746.00	\$ 402,890.00
Borough's Contribution in Relation to the Contractually Required Contribution	\$ (463,408.00)	\$ (400,265.00)	(421,746.00)	(402,890.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,939,386.00	\$ 2,944,187.00	\$ 2,902,314.00	\$ 2,969,549.00
Borough's Contributions as a Percentage of Covered Payroll	15.77%	13.60%	14.53%	13.57%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 373,287.00	\$ 346,831.00	\$ 328,089.00	\$ 277,473.00
Borough's Contribution in Relation to the Contractually Required Contribution	(373,287.00)	(346,831.00)	(328,089.00)	(277,473.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,995,682.00	\$ 2,917,219.00	\$ 2,667,431.00	\$ 2,482,506.00
Borough's Contributions as a Percentage of Covered Payroll	12.46%	11.89%	12.30%	11.18%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last 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	0.0602199742%	0.0580805708%	0.0589318848%	0.0525451188%
Borough's Proportionate Share of the Net Pension Liability	\$ 7,781,215.00	\$ 7,107,795.00	\$ 7,974,456.00	\$ 8,111,950.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>1,207,609.00</u>	<u>1,122,334.00</u>	<u>1,083,198.00</u>	<u>908,607.00</u>
Total	<u>\$ 8,988,824.00</u>	<u>\$ 8,230,129.00</u>	<u>\$ 9,057,654.00</u>	<u>\$ 9,020,557.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 2,077,880.00	\$ 1,968,532.00	\$ 1,896,732.00	\$ 1,733,688.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	374.48%	361.07%	420.43%	467.90%
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	0.0593397415%	0.0532829612%	0.0536372336%	0.0510144398%
Borough's Proportionate Share of the Net Pension Liability	\$ 11,335,409.00	\$ 8,875,084.00	\$ 6,747,066.00	\$ 6,781,909.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>951,893.00</u>	<u>778,315.00</u>	<u>726,546.00</u>	<u>632,156.00</u>
Total	<u>\$ 12,287,302.00</u>	<u>\$ 9,653,399.00</u>	<u>\$ 7,473,612.00</u>	<u>\$ 7,414,065.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,896,644.00	\$ 1,687,372.00	\$ 1,639,200.00	\$ 1,516,644.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	597.66%	525.97%	411.61%	447.17%
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	\$ 672,760.00	\$ 586,678.00	\$ 576,146.00	\$ 465,034.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(672,760.00)</u>	<u>(586,678.00)</u>	<u>(576,146.00)</u>	<u>(465,034.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,170,342.00	\$ 2,087,773.00	\$ 1,924,201.00	\$ 1,871,324.00
Borough's Contributions as a Percentage of Covered Payroll	31.00%	28.10%	29.94%	24.85%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 483,821.00	\$ 433,111.00	\$ 411,971.00	\$ 372,190.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(483,821.00)</u>	<u>(433,111.00)</u>	<u>(411,971.00)</u>	<u>(372,190.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,789,516.00	\$ 1,901,669.00	\$ 1,708,897.00	\$ 1,611,627.00
Borough's Contributions as a Percentage of Covered Payroll	27.04%	22.78%	24.11%	23.09%

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: LENGTH OF SERVICE AWARDS PROGRAM

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

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

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

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

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

The Borough elected to contribute \$1,150.00 for the year ended December 31, 2021 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2021, the Borough's total expenditure to the Plan was \$17,250.00.

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

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

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

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

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

Forfeited Accounts - For the year ended December 31, 2021, no accounts were forfeited.

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	67
Active Employees	59
	126
	126

Total OPEB Liability

The Borough's total OPEB liability of \$15,388,842.00 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2021.

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

Inflation	2.5% Annually
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
Medicare Advantage	4.5% per annum
Dental and Vision	3.5% per annum
Retirees' Share of Benefit-Related Costs	Contribution rate in effect when they retire

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

Mortality rates were based on 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 either developed for the applicable State Pension system in which the Borough participates or State Health Benefits Program. The actuary has used their professional judgement in applying these assumptions to this plan.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Changes in Total OPEB Liability**

Balance at December 31, 2020		\$ 17,180,982.00
Changes for the Year:		
Service Cost	\$ 128,945.00	
Interest Cost	360,300.00	
Benefit Payments	(629,300.00)	
Changes in Assumptions	<u>(1,652,085.00)</u>	
Net Changes		<u>(1,792,140.00)</u>
Balance at December 31, 2021		<u>\$ 15,388,842.00</u>

Changes of assumptions 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>		
	1.00% Decrease (1.06%)	Current Discount Rate (2.06%)	1.00% Increase (3.06%)
Total OPEB Liability	<u>\$ 16,491,685.00</u>	<u>\$ 15,388,842.00</u>	<u>\$ 14,436,838.00</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>		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$ 14,562,993.00</u>	<u>\$ 15,388,842.00</u>	<u>\$ 16,354,336.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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 \$548,445.00. 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	<u>\$ 1,998,224.00</u>	<u>\$ 1,548,519.00</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:

<u>Year Ending Dec 31,</u>		
2022	\$	59,200.00
2023		59,200.00
2024		59,200.00
2025		59,200.00
2026		59,200.00
Thereafter		<u>153,705.00</u>
	\$	<u>449,705.00</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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios (Last Four Years):***

	<u>Plan Measurement Date December 31,</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 128,945.00	\$ 128,945.00	\$ 229,523.00	\$ 229,523.00
Interest Cost	360,300.00	445,096.00	606,345.00	596,553.00
Benefit Payments	(629,300.00)	(921,878.00)	(593,486.00)	(580,970.00)
Changes in Assumptions	(1,652,085.00)	952,449.00	1,477,858.00	
Net Change in Total OPEB Liability	(1,792,140.00)	604,612.00	1,720,240.00	245,106.00
Total OPEB Liability - Beginning of Year	17,180,982.00	16,576,370.00	14,856,130.00	14,611,024.00
Total OPEB Liability - End of Year	<u>\$ 15,388,842.00</u>	<u>\$ 17,180,982.00</u>	<u>\$ 16,576,370.00</u>	<u>\$ 14,856,130.00</u>
Covered-Employee Payroll	\$ 6,375,786.17	\$6,328,281.56	\$ 6,416,807.59	\$ 5,980,657.17
Total OPEB Liability as a Percentage of Covered Payroll	241.36%	271.50%	258.33%	248.40%

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

None.

Changes in Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount, medical trend and drug rates each period. The following are the rates used in each period:

<u>Year</u>	<u>Discount Rate</u>	<u>Medical Trend Rate</u>	<u>Drug Rate</u>
2021	2.06%	5.50%	7.00%
2020	2.12%	5.60%	9.00%
2019	2.74%	5.70%	9.50%
2018	4.10%	5.80%	10.00%

Note 11: COMPENSATED ABSENCES

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

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

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

Provisions of the union contract with the Police provides for the buyback of unused sick days at various rates according to length of service. Details of the plan may be obtained from the Borough. All other employees cannot return nor have any monetary payback for unused sick time.

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

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

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2021, accrued benefits for compensated absences are valued at \$91,081.10.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 13: LEASE OBLIGATIONS

At December 31, 2021, the Borough had lease agreements in effect for the following:

Capital:

- Two (2) Police Vehicles
- Two (2) Command Vehicles

Operating:

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

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2021</u>	<u>2020</u>
Vehicles	\$ 98,553.57	\$ 52,855.02

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 36,803.84	\$ 3,263.54	\$ 40,067.38
2023	27,122.31	2,049.03	29,171.34
2024	17,031.00	1,149.63	18,180.63
2025	17,596.42	584.21	18,180.63
Total	<u>\$ 98,553.57</u>	<u>\$ 7,046.41</u>	<u>\$ 105,599.98</u>

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

<u>Year</u>	<u>Amount</u>
2022	\$ 70,902.24
2023	70,902.24
2024	70,902.24
2025	70,360.76
2026	68,642.85
2027-2031	319,000.00

Rental payments under operating leases for the year 2021 were \$15,587.79.

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

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

General Improvement Bonds, Series 2020 - On July 30, 2020, the Borough issued \$6,843,000.00 of general improvement bonds, with interest rates ranging from 0.05% to 2.00%. The purpose of the bonds is to permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of a portion of the principal of certain bond anticipation notes previously issued by the Borough and permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which, obligations have been authorized but not yet issued. The final maturity of the bonds is July 15, 2031.

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	\$ 665,000.00	\$ 92,672.50	\$ 757,672.50
2023	780,000.00	83,490.00	863,490.00
2024	690,000.00	74,250.00	764,250.00
2025	695,000.00	70,800.00	765,800.00
2026	705,000.00	63,850.00	768,850.00
2027-2031	<u>3,550,000.00</u>	<u>191,700.00</u>	<u>3,741,700.00</u>
Totals	<u>\$ 7,085,000.00</u>	<u>\$ 576,762.50</u>	<u>\$ 7,661,762.50</u>

General Debt - New Jersey Environmental Infrastructure Loans

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

On November 6, 2008, the Borough entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$3,938,878.00, at no interest, from the fund loan, and \$3,955,000.00 at interest rates ranging from 4.0% to 5.5% from the trust loan. The proceeds were used to fund the upgrading of the storm sewer system. Semiannual debt payments are due February 1st and August 1st through 2026. These loans were refinanced by the New Jersey Environmental Infrastructure Bank and project savings credits were applied and maturities were adjusted as of December 31, 2018.

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

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

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	\$ 546,749.10	\$ 62,176.75	\$ 608,925.85
2023	457,104.78	46,107.50	503,212.28
2024	393,475.69	34,557.50	428,033.19
2025	277,716.53	22,357.50	300,074.03
2026	200,716.53	9,907.50	210,624.03
2027-2031	128,415.95	7,687.50	136,103.45
2032-2033	<u>20,000.00</u>	<u>962.50</u>	<u>20,962.50</u>
Totals	<u>\$ 2,024,178.58</u>	<u>\$ 183,756.75</u>	<u>\$ 2,207,935.33</u>

General Debt - New Jersey Green Acres Loans

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

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	<u>\$ 5,433.56</u>	<u>\$ 54.36</u>	<u>\$ 5,487.92</u>

Note 14: CAPITAL DEBT (CONT'D)**Water Utility Bonds**

Water Utility Bonds, Series 2020 - On July 30, 2020, the Borough issued \$6,445,000.00 of callable water utility improvement bonds, with interest rates ranging from 0.05% to 2.25%. The purpose of the bonds is to fund various water capital ordinances. The final maturity of the bonds is July 15, 2050.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 165,000.00	\$ 112,390.00	\$ 277,390.00
2023	165,000.00	112,307.50	277,307.50
2024	165,000.00	112,225.00	277,225.00
2025	170,000.00	111,400.00	281,400.00
2026	170,000.00	109,700.00	279,700.00
2027-2031	900,000.00	516,850.00	1,416,850.00
2032-2036	990,000.00	428,600.00	1,418,600.00
2037-2041	1,115,000.00	325,200.00	1,440,200.00
2042-2046	1,275,000.00	206,437.52	1,481,437.52
2047-2050	1,155,000.00	63,762.52	1,218,762.52
Totals	<u>\$ 6,270,000.00</u>	<u>\$ 2,098,872.54</u>	<u>\$ 8,368,872.54</u>

Water Utility Debt - New Jersey Environmental Infrastructure Loans

On May 24, 2019, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$226,336.00, at no interest, from the fund loan, and \$220,000.00 at interest rates ranging from 2.0% to 5.00% from the trust loan. The proceeds were used to fund replacement and installation of water mains and fire hydrants. Semiannual debt payments are due February 1st and August 1st through 2048 for the trust loan and the fund loan.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 12,629.30	\$ 6,793.76	\$ 19,423.06
2023	12,629.30	6,543.76	19,173.06
2024	12,629.30	6,293.76	18,923.06
2025	12,629.30	6,043.76	18,673.06
2026	12,629.30	5,793.76	18,423.06
2027-2031	63,146.50	25,668.80	88,815.30
2032-2036	78,146.50	21,962.50	100,109.00
2037-2041	88,146.50	15,000.00	103,146.50
2042-2046	88,146.50	7,500.00	95,646.50
2047-2048	35,258.70	900.00	36,158.70
Totals	<u>\$ 415,991.20</u>	<u>\$ 102,500.10</u>	<u>\$ 518,491.30</u>

Note 14: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

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	\$ 11,083,312.14	\$ 10,609,929.72	\$ 10,961,668.02
Water Utility:			
Bonds, Loans and Notes	6,985,991.20	6,873,620.50	3,696,249.80
Total Issued	<u>18,069,303.34</u>	<u>17,483,550.22</u>	<u>14,657,917.82</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,659,357.92	1,816,772.36	1,032,715.22
Water Utility:			
Bonds and Notes	1,156,234.00	1,156,234.00	3,201,234.00
Total Authorized but not Issued	<u>2,815,591.92</u>	<u>2,973,006.36</u>	<u>4,233,949.22</u>
Total Issued and Authorized but not Issued	<u>20,884,895.26</u>	<u>20,456,556.58</u>	<u>18,891,867.04</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Debt	102,318.94	149,818.94	82,233.98
Water Utility:			
Excess Proceeds from Issuance of Debt	3,201.74	3,201.74	
Self-Liquidating	8,139,023.46	8,026,652.76	6,897,483.80
Total Deductions	<u>8,244,544.14</u>	<u>8,179,673.44</u>	<u>6,979,717.78</u>
Net Debt	<u>\$ 12,640,351.12</u>	<u>\$ 12,276,883.14</u>	<u>\$ 11,912,149.26</u>

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 1.562%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 2,138,000.00	\$ 2,138,000.00	
Self-Liquidating	8,142,225.20	8,142,225.20	
General	12,742,670.06	102,318.94	\$ 12,640,351.12
	<u>\$ 23,022,895.26</u>	<u>\$ 10,382,544.14</u>	<u>\$ 12,640,351.12</u>

Net debt \$12,640,351.12 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$809,365,532.00, equals 1.562%.

Note 14: CAPITAL DEBT (CONT'D)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 28,327,793.62
Less: Net Debt	<u>12,640,351.12</u>
Remaining Borrowing Power	<u><u>\$ 15,687,442.50</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,778,067.82
Deductions:	
Operating and Maintenance Costs	\$ 1,220,326.94
Debt Service	<u>299,794.07</u>
Total Deductions	<u>1,520,121.01</u>
Excess in Revenue	<u><u>\$ 257,946.81</u></u>

Note 15: 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.

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

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

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

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

Note 15: RISK MANAGEMENT (CONT'D)

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

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

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

Note 16: INTERLOCAL SERVICES AGREEMENT

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

Note 17: 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 18: 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 19: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Reconstruction of Various Roads and Acquisition Of Various Capital Equipment	03/28/22	\$ 282,120.00
Acquisition of Various Capital Equipment and Completion of Various Capital Projects	06/23/22	966,368.00
Water Utility Improvements		
Acquisition and Installation of Filtration System	03/28/22	850,000.00
Improvements and Renovations to a Water Tower	04/28/22	500,000.00
Various Capital Improvements for the Water Utility System	06/23/22	1,100,000.00

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



August 7, 2023

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

**RE: \$10,468,506 BOROUGH OF BELLMAWR, COUNTY OF CAMDEN, NEW JERSEY,
BOND ANTICIPATION NOTES OF 2023, SERIES A**

Mayor and Borough Council Members:

We have served as Bond Counsel to the Borough of Bellmawr, County of Camden, New Jersey ("Borough"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes"). The Notes consist of: (i) \$5,103,206 principal amount of General Improvement Notes; and (ii) \$5,365,300 principal amount of Water Utility 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 02:01-19, 04:10-20, 05:13-20, 05:14-20, 5:15-20, 03:08-21, 05:12-21, 08:15-21, 10:17:21, 02:01-22, 03:03-22, 03:05-22, 05:07-22, 05:08-22, 02:02-23, 04:05-23, and 04:06-23 (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 July 25, 2023 ("Award Certificate").

The Notes are issued in [bearer] [registered] [book-entry only] 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 August 7, 2023 and mature on August 6, 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.

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 will 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 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 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 not 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 Bellmawr, County of Camden, New Jersey ("Issuer")

ISSUE: \$10,468,506 Bond Anticipation Notes of 2023, Series A
(Non-Callable) ("Notes")

DATED: August 7, 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 7th day of August, 2023.

ISSUER:

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

By: _____
MARIA A. FASULO,
Chief Financial Officer