

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 11, 2023

NEW ISSUE

NOT RATED

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township (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 ("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. 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.

\$5,840,000
TOWNSHIP OF DELRAN
County of Burlington, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
(BOOK-ENTRY ONLY) (NON-CALLABLE)

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

Dated: Date of Delivery

Due: August 29, 2024

The \$5,840,000 Bond Anticipation Notes of 2023, Series A ("Notes"), are general obligations of the Township of Delran, County of Burlington, New Jersey (the "Township"), payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein.

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2018-13, 2019-04, 2020-04, 2020-09, 2020-11, 2021-03, 2021-06, 2021-11, 2022-04, 2022-05, 2022-06, 2022-07, and 2023-09, each duly and finally adopted by the Township 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 Township on August __, 2023.

The Notes are being issued by the Township to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the 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 Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, Mark A. Tabakin, Esquire, of Weiner Law Group LLP, Parsippany, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township 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 31, 2023.

BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE TOWNSHIP ON THURSDAY, AUGUST 17, 2023 UNTIL 11:00 AM BY EMAIL: STRACEY@MUNIADVISORS.COM OR 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.

* Registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.

**TOWNSHIP OF DELRAN
COUNTY OF BURLINGTON, NEW JERSEY**

<u>Name</u>	<u>Title</u>
Gary Catrambone	Mayor
Tyler Burrell	Council President
Thomas Lyon	Council Vice- President
Nikki Apeadu	Council Member
Lynn Jeney	Council Member
Marlowe Smith	Council Member

Township Clerk

Jamey Eggers

Chief Financial Officer

Kareemah Press

Business Administrator

Joseph Bellina

Solicitor

Mark A. Tabakin, Esquire
Weiner Law Group LLP
Parsippany, New Jersey

Auditor

Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township 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 Township 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 Township. 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 Township 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 Township 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

\$5,840,000
TOWNSHIP OF DELRAN
County of Burlington, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
(BOOK-ENTRY ONLY) (NON-CALLABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Delran in the County of Burlington, New Jersey (the “Township”), in connection with the sale and the issuance of its \$5,840,000 Bond Anticipation Notes of 2023, Series A (“Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

DESCRIPTION OF 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 maturity.

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 Township 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 Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (“Local Bond Law”); (ii) bond ordinances 2018-13, 2019-04, 2020-04, 2020-09, 2020-11, 2021-03, 2021-06, 2021-11, 2022-04, 2022-05, 2022-06, 2022-07, and 2023-09 (collectively, the “Bond Ordinances”), each duly and finally adopted by the Township 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 Township on August __, 2023.

The Notes are being issued by the Township to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Township; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes. The following table sets forth certain information with respect to the Bond Ordinances authorizing the Notes.

Ordinance Number	Purpose	Amount Authorized	Notes Outstanding	Available Amounts	Notes to be Issued
2018-13	Reconstruction of a Portion of Fairview Boulevard, by and in the Township.	85,700	64,050	16,050	48,000
2019-04	Reconstruction and/or Repair of Various Roads in and for the Township.	1,142,858	1,142,858	21,458	1,121,400
2020-04	Reconstruction and/or Repair of Various Roads in and for the Township.	1,619,048	1,619,048	48	1,619,000
2020-09	Reconstruction of Various Sidewalks Throughout the Township.	90,476	90,476	17,076	73,400
2020-11	Various Capital Improvements and the Acquisition of Capital Equipment in and for the Township.	860,938	860,938	38	860,900
2021-03	Stormwater Repairs on Stewart Avenue.	32,250	32,250	0	32,250
2021-06	Various Concrete Improvements for Various Roads.	408,500	391,680	0	391,680
2021-11	Various Capital Improvements and Acquisition of Capital Equipment in and for the Township.	373,100	273,100	100,000*	173,100
2022-04	Development and Construction of a Township Bikeway.	190,000	40,000	0	40,000
2022-05	Various Capital Improvements and Acquisition of Capital Equipment in and for the Township.	1,190,350	350,350	0	350,350
2022-06	Various Road Improvements.	945,250	765,250	0	845,250
2022-07	Various Road Improvements.	85,500	85,500	0	85,500
2023-09	Various Capital Improvements.	425,600	0	0	199,170
	TOTAL	\$7,449,570	\$5,715,500	\$154,670	\$5,840,000

* funded by budget

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 Township. Accordingly, the Township 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 and www.dtc.org.

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 Township 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 Township 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 Township, 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 Township 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 Township 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 Township 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 Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System

If the Township, 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 Township will attempt to locate another qualified Securities Depository. If the Township fails to find such Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Township 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 Township has provided that upon receipt of the Note certificates from DTC and the Participant information, the Township 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 Township and the Township 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 Township 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 Township 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.

MARKET PROTECTION

The Township does not anticipate issuing any bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the balance of calendar year 2023.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

The Township is located in the County of Burlington, New Jersey (the "County"). General information concerning the Township, 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 Township for the year ended December 31, 2022 and audited financial statements of the Township for the years ended December 31, 2021, 2020, 2019, 2018 and 2017. The financial statements were provided by Bowman & Company LLP, Voorhees, New Jersey (the “Auditor”), and is included herein in reliance upon the authority of such firm. The Auditor 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 Township.

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 Township 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 Township 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 Township, 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 Township 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 Township 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 Township or substantially reduce the ability of the Township 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 Township 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 Township 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 Township.

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 Township’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 Chief Financial Officer and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities.

The 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 Township to levy *ad valorem* taxes upon all taxable real property within the Township 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 Township has made no appropriations for Coronavirus related deficits or expenses under this statutory provision.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township 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 Utilities

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 each utility, there is established a separate budget. The anticipated revenues and appropriations for each 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 revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be funded 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 TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 78.49%. 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 Township's most recent property revaluation/reassessment occurred in 2011, and became effective for the 2012 tax year.

Upon the filing of certified adopted budgets by the Township, the School District, Fire District and the 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 Township are periodically assigned to the Solicitor 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 Township's Solicitor, Mark A. Tabakin, Esquire, of Weiner Group LLP, Parsippany, New Jersey (the "Solicitor"), 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 Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (“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 Township’s covenants contained 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 Township 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 Township **has** designated the Notes as “qualified tax-exempt obligations” for the purposes of Section 265(b)(1) of the Code.

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Township has undertaken to file notice of certain enumerated events, pursuant to an Information Reporting Undertaking Agreement for the Notes, substantially in the form set forth in Appendix “D” hereto.

The Township has previously entered into continuing disclosure undertakings under the Rule in respect of its own obligations and obligations of the Burlington County Bridge Commission for which the Township is an obligated person. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey in September of 2015 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

NO DEFAULT

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

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 and 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 Township received \$1,726,193.80 in funding (“Plan Funds”). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township prior to the emergency; and (iv) make necessary investments

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

While the effects of COVID-19 have abated significantly in the State, the Township 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 Township.

Cyber Security

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township 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 Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events.

Climate

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

UNDERWRITING

The Notes have been purchased from the Township 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

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Township (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 Township 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 Township by the Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as 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 Township, including the Notes, and such Notes are authorized security for any and all public deposits.

PREPARATION OF OFFICIAL STATEMENT

The Township 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 Township upon issuance and delivery of the Notes.

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

The Township 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.

The Municipal Advisor has participated in the preparation and review of this Official Statement; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

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

The Auditor has participated in the preparation and review of this Official Statement; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. The Auditor does take responsibility for the compiled and audited financial statements, appearing in Appendix "B" hereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Kareemah Press, Chief Financial Officer, Township of Delran, at 856-461-7734, or to the Township's Municipal Advisor, Phoenix Advisors, LLC, at 609-291-0130.

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 Township 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 Township for and on behalf of the Township.

**TOWNSHIP OF DELRAN,
COUNTY OF BURLINGTON, NEW JERSEY**

**By: _____
KAREEMAH PRESS, Chief Financial Officer**

Dated: August __, 2023

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC
INFORMATION REGARDING THE TOWNSHIP OF DELRAN**

GENERAL INFORMATION ON THE TOWNSHIP

History

The Township was incorporated on February 12, 1880. It was created out of a division of Cinnaminson Township.

The Township is made up of approximately seven square miles and is located in Burlington County, New Jersey, about 10 miles north of Central Philadelphia and the City of Camden, with a mile of frontage on the Delaware River. The Township is operated under the Mayor/Council Plan D form of government established under the optional Municipal Charter Law of New Jersey (N.J.S.A.40:69A-1 et seq.). The Mayor and two Council members are elected at large and three Council members are elected by ward. All members serve a four-year term.

Business and Industry

The Township is home to a variety of businesses and industry serving the Delaware Valley. Recently completed in the Township is the New Jersey American Water Company Water Treatment Plant. This water plant will treat water which is drawn from the Delaware River and pump it to water utilities in Burlington, Camden and Gloucester Counties through 40 miles of pipeline. Ball Corporation recently completed its 456,000 square foot plastic container manufacturing plant on River Road. The plant employs 200 people.

Simon & Schuster, Inc. is a major publishing company located within the Township. Other types of industries include computer services, boat manufacturing, builder developers, water transportation services and excavating and foundation work.

There are four neighborhood shopping centers.

Fire Protection and Emergency Services

Two volunteer fire companies organized through a fire district serve the Township. The two fire companies are equipped with modern firefighting apparatus, including four pumpers and an aerial ladder.

A fully-trained team of seventy-five volunteers provides twenty-four-hour ambulance service to the Township. Equipment is provided from a combination of municipal funds and contributions raised from residents. This equipment consists of four modern ambulances.

Police

Thirty-five full-time officers serve to provide public safety to the Township residents. The department has a K-9 unit and a comprehensive education program provided in the local schools.

Public Works

Routine trash collection is provided under a contractual agreement with a private company.

A mandatory recycling program of newspaper is serviced by curbside collection enhanced by a twenty-four-hour drop-off center for recycling of paper, glass, and aluminum. Tree branches and leaves are collected on a seasonal basis.

The Department of Public Works also cleans and maintains the 105 miles of streets and roads, as well as, many of the trees lining the Township. In addition, parks and recreation areas are the responsibility of the Department.

Recreation

The Township offers a wide range of recreational facilities to its residents. These include ten parks, six soccer fields, eleven baseball fields, one football field, and two tennis courts. The Township maintains the playgrounds, which includes playground equipment for the enjoyment of young citizens with the recently completed Delran Community Park featuring a full accessible Jakes Place playground. Other recreational facilities available to citizens include a private swimming club and the 1,000 slip Dredge Harbor, the Delaware River's largest marina.

Employee Collective Bargaining Units

There are three Collective Bargaining Units which cover the Township Police Patrolmen, Police Lieutenants and Sergeants Superior Officers - Public Works/Sewer/Clerical Employees. The current contract for the Patrolmen expires December 31, 2023 and the contract for the Public Works/Sewer/Clerical Employees expired December 31, 2020 and is currently under negotiations.

Delran Sewerage Department

The Township of Delran abolished the Delran Sewerage Authority in 2009 and now maintains and exercises full executive and financial control over this operation.

The governing body of the Township is the governing authority of the sewer department with administrative and supervisory services being provided by the Business Administrator and the Supervisor of the Sewer Department.

The Sewer Department presently provides sewerage collection service to certain sections of the Township. The sewer system consists of a 2.5 million gallon a day wastewater plant, which was completed in 1994, nine pumping stations, gravity sewers, force mains, 1,000 manholes, and 6,000 service connections.

Township Employees

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Permanent Employees	86	83	84	88	88
Part-time Employees	<u>50</u>	<u>47</u>	<u>32</u>	<u>62</u>	<u>58</u>
Total	<u>136</u>	<u>130</u>	<u>116</u>	<u>150</u>	<u>146</u>

Compensated Absences

Township employees are entitled to fifteen paid sick leave days per year. Unused sick leave may be accumulated and carried forward to the subsequent years. Vacation days not used during the year may not be accumulated and carried forward. For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 11 to Financial Statements.

Pension Plans

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

Population(1)

2020 Federal Census	17,882
2010 Federal Census	16,896
2000 Federal Census	15,536
1990 Federal Census	13,178
1980 Federal Census	14,811

Selected Census 2021 Data for the Township (1)

Median household income	\$94,428
Per capita income	\$45,448

Labor Force(2)

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

<u>Year</u>	<u>Labor Force</u>	<u>Employed Persons</u>	<u>Unemployed Persons</u>	<u>Unemployment Rate</u>
Township				
2022	9,768	9,480	288	2.9%
2021	9,542	9,054	488	5.1%
2020	9,438	8,738	700	7.4%
2019	9,537	9,255	282	3.0%
2018	9,367	9,051	316	3.4%
County				
2022	247,859	239,613	8,246	3.3%
2021	242,415	228,857	13,558	5.6%
2020	239,790	220,858	18,932	7.9%
2019	240,757	233,093	7,664	3.2%
2018	236,035	227,445	8,590	3.6%
State				
2022	4,739,800	4,564,100	175,700	3.7%
2021	4,666,100	4,357,200	308,900	6.6%
2020	4,650,300	4,212,400	437,900	9.4%
2019	4,686,300	4,524,300	162,000	3.5%
2018	4,604,800	4,420,700	184,100	4.0%

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

(2) Source: New Jersey Department of Labor

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS

The ten largest non-governmental employers in the Township employ approximately 1,525 people.

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>
Simon & Schuster	Distribution warehouse	350
ShopRite	Retail supermarket	171
Lowe's Home Center	Home Improvement	155
Home Depot	Retail building materials	153
Billows Electric	Electrical Supply	150
Target	Retail sales	136
Jacent Strategic Merchandising	Small Houseware Distributor	120
Rite Aid	Central Fill Pharmacy	100
Chick-fil-A	Restaurant	100
Barlow Chevrolet	Automotive Dealership	90

Business and Transportation

The Township, located in the western sector of the County of Burlington, is predominantly a residential community with the majority of its commercial development in retail establishments and medium density office complexes.

Building, Zoning and Development Codes

The Township 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 Township 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 Township adopted the Municipal Land Use Law on November 1, 2000. The Municipal Land Use Law gave the Township Zoning Board of Adjustment and Planning Board authority to regulate most land use other than family residential use. In this way, the Township is able to guide the approximate use or development of land to promote the public health, safety and general welfare.

Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2023(2)	491	\$ 27,749,519.28
2022	884	58,259,304.01
2021	902	44,922,609.95
2020	540	14,402,739.50
2019	724	14,521,625.99
2018	742	14,826,537.35

(1) Source: Township Construction Official

(2) As of July 31, 2023

EDUCATION (1)

The Board of Education of the Township of Delran ("School District") boundaries are identical to Township boundaries, with separate administrative control provided by a directly elected Board of Education. The School District provides a variety of regionally recognized educational programs, ranging from advanced curriculum for the educationally gifted to specialized programs for the functionally impaired student.

A comprehensive range of programs is available throughout the School District that includes one high school, one middle school, one intermediate school, and one elementary school.

The School District operates under Chapter 7 of Title 18 of the Revised Statutes. It is governed by a nine-member Board elected by the voters. The Board is assisted in school administration by a Superintendent, Board Secretary, Treasurer, General Counsel and four full-time Principals.

School District Enrollments (1)

<u>Grade</u>	<u>October 15,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Pre-School	4	19	13	36	45
K	159	191	189	184	196
1	189	184	188	187	196
2	175	170	176	188	193
3	183	182	200	198	221
4	174	204	193	209	215
5	200	203	203	168	238
6	208	204	171	205	169
7	208	179	204	187	198
8	190	205	194	218	185
9	186	186	213	183	210
10	184	215	191	187	188
11	226	194	189	202	184
12	201	197	196	194	189
Special Education	476	491	493	487	318
Totals	<u>2,963</u>	<u>3,024</u>	<u>3,013</u>	<u>3,033</u>	<u>2,945</u>

Present School Facilities and Enrollment (1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/2022</u>
Millbridge	1970	1999, 2022	K - 2	527
Intermediate	1994	2023	3 - 5	557
Middle School	1961	1965, 1998	6 - 8	606
High School	1975	1997	9 - 12	797

(1) Source: School District officials

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County (Formerly Burlington County College)

Rowan College at Burlington County (formerly Burlington County College) (“RCBC” or “County College”) is a comprehensive, publicly supported, coeducational, two-year institution developed by the County and the State and accredited by the Middle States Association of Colleges and Schools. The County College was founded in October 1965 and opened in September 1969. The 225-acre main campus is located on Pemberton-Browns Mills Road in Pemberton Township, while the Mount Laurel campus opened in July 1995. The Board of County Commissioners (formally Board of Chosen Freeholders) sponsors the County College, appointing nine of the twelve Trustees.

In June 2015, the Rowan University Board of Trustees approved a resolution to partner with the County College thereby allowing students to obtain a bachelor's degree from Rowan University on the County College's Mount Laurel Campus. The unique partnership provides students the opportunity to seamlessly transition from the community college to the university. RCBC is the first community college in the region to offer junior-level courses as part of the “3+1” program in which students complete 75 percent of a Rowan University degree with the community college before completing their senior year at the university.

In July 2015, RCBC announced a transition from its original Pemberton Campus to the more accessible and modern Mount Laurel Campus. Located at the intersection of Route 38 and I-295, the 100-acre Mount Laurel campus is already home to the Technology and Engineering Center. Joining it as part of the transformed Mount Laurel campus is a new Health Sciences Center as well as a new Student Success Center – a 78,000 square foot, \$25.4 million state-of-the-art building that features a one-stop for student services from enrollment to academic planning, knowledge commons library, bookstore, dining area and state-of-the-art technology. This building serves as the gateway to the newly transformed Mount Laurel campus with a total investment of \$55 million and renovation of 240,000 square feet.

RCBC's fall 2022 enrollment in academic courses was 6,180 students. In addition, the County College serves thousands of other County residents each semester through youth programs, Learning for Everyone, workforce development, theatrical productions, guest speakers, and art exhibitions.

The Board of Trustees governs the County College and certain fiscal matters are subject to review by the Board of School Estimate. The County College is not permitted to borrow for capital expenditures. Instead, the Board of Trustees and the Board of School Estimate certify the need for funding to the Board, which either currently appropriates the amount certified or authorizes the issuance of County Debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.

Burlington County Institute of Technology

The Burlington County Board of Vocational Education was created by the Board in 1962 after a favorable referendum. The enrollment for the two campuses, Westampton and Medford, for the academic year 2021-2022 was 2,122 students.

The Burlington County Institute of Technology (“BCIT”) is governed by a consolidated Board of Education of the Special Services School District and the Vocational School District of the County of Burlington and certain fiscal matters are subject to the review of the Board of School Estimate. BCIT is not permitted to borrow for capital expenditures. Instead, the Board of Education and the Board of School Estimate certify the need for funding to the Board which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.

BCIT contributes to the County workforce each year an average of 462 high school seniors certified in one of thirty-three career and technical programs and, through its Adult School Division, approximately 760 adults who have completed either a certification or licensing program in one of the thirty-five career programs offered. The Superintendent of BCIT is the liaison between the education community of the County and business and industry.

Burlington County Special Services School District

The Burlington County Special Services School District (“Special Services School District”) was created by the Board in June, 1972. The Special Services School District is comprised of state-of-the-art facilities located in the Townships of Westampton, Lumberton and Mount Laurel which provide comprehensive educational and therapeutic programs for preschool and school-age students, ranging in age from three to eighteen, as well as young adults, ranging in age from eighteen to twenty-one. Students at the Special Service School District have access to the following programs: Sensory, Autism, Multiple Disabilities, Behavior Disabilities, Preschool Disabilities, Auditory Impaired, Career and Technical Education, and Transitions, a program designed to prepare students to be a self-sufficient, productive member of the community. The enrollment for the Special Services School District for the 2021-2022 academic year was 526 students.

CERTAIN TAX & UTILITY INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2023 Assessed <u>Valuation</u>
Berk & Berk at Swedes Run, LLC	Apartments	\$41,348,300
New Jersey American Water Co.	Water Treatment Plant	25,421,800
Hartford Corners Ownership, LLC	Shopping Center	24,359,800
Simon & Schuster	Publisher	20,900,000
SDK Tenby Chase	Apartments	16,460,400
GPT Cinnaminson Owner, LLC	Warehouse	10,500,000
Target	Shopping Center	9,598,900
Lowe's	Home Improvement Store	9,096,200
INVO Delran	Shopping Center	8,235,600
Millside Plaza	Shopping Center	7,729,400

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (3)	\$ 56,216,233	\$ 55,607,514	98.91%	\$ 499,543	0.89%
2021	55,677,560	54,943,412	98.68%	682,864	1.23%
2020	55,400,859	54,772,292	98.87%	592,517	1.07%
2019	54,733,881	54,170,771	98.97%	538,185	0.98%
2018	53,638,315	52,933,549	98.69%	644,445	1.20%

(1) Source: Township Tax Assessor
 (2) Source: Annual Reports of Audit, unless otherwise noted
 (3) Source: Compiled Annual Financial Statement

CERTAIN TAX & UTILITY INFORMATION (CONT'D)

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred to Arrears/Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2022 (2) \$	682,864 \$	1,250 \$	676,660 \$	98.91%	\$ -	\$ 1,397	\$ 6,057
2021	592,517	1,000	592,629	99.85%	888		-
2020	550,024	250	550,083	99.97%	191		-
2019	644,445	9,289	630,499	96.45%		11,396	11,839
2018	619,048	2,500	612,233	98.50%		6	9,309

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by</u>		<u>Balance Dec. 31</u>
		<u>Sales and Transfers</u>	<u>Collected</u>	
2022 (2) \$	235,557 \$	23,465 \$	- \$	259,023 \$
2021	212,350	24,748	1,541	235,557
2020	194,999	22,656	5,305	212,350
2019	188,247	35,737	28,985	194,999
2018	163,065	25,182	-	188,247

FORECLOSED PROPERTY (1)(3)

<u>Year</u>	<u>Balance Dec. 31</u>
2022 (2) \$	282,015
2021	282,015
2020	282,015
2019	282,015
2018	282,015

CURRENT SEWER UTILITY COLLECTIONS (1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
				<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (2) \$	839,148	\$ 4,494,081	\$ 5,333,229	\$ 4,460,010	83.63%	\$ 873,219	16.37%
2021	847,992	3,840,170	4,688,162	3,849,014	82.10%	839,148	17.90%
2020	817,248	3,819,345	4,636,593	3,788,601	81.71%	847,992	18.29%
2019	840,763	3,829,772	4,670,535	3,853,287	82.50%	817,248	17.50%
2018	891,744	3,846,407	4,738,151	3,897,388	82.26%	840,763	17.74%

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

(2) Source: Compiled Annual Financial Statement

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

CERTAIN TAX & UTILITY INFORMATION (CONT'D)

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>						<u>Fire District</u>
		<u>Total Rate</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>			
2023	\$ 1,436,142,273	\$ 3.940	\$ 0.487	\$ 2.470	\$ 0.818	(3)	\$ 0.165	
2022	1,434,784,687	3.889	0.457	2.461	0.812	(3)	0.159	
2021	1,427,628,287	3.891	0.448	2.474	0.812	(3)	0.157	
2020	1,425,281,690	3.883	0.458	2.454	0.812	(3)	0.159	
2019	1,415,647,482	3.847	0.451	2.422	0.813	(3)	0.161	

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (4)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita</u>	
2023	\$ 1,436,142,200	73.48%	\$ 1,954,466,794	\$ 109,298	(6)
2022	1,434,784,600	82.69%	1,735,136,776	97,033	(6)
2021	1,427,628,200	87.34%	1,634,564,003	91,408	(6)
2020	1,425,281,600	86.78%	1,642,407,928	91,847	(6)
2019	1,415,647,392	88.78%	1,594,556,648	94,375	(5)

REAL PROPERTY CLASSIFICATION (1)

<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>	<u>Farmland</u>
2023	\$ 1,436,142,200	\$19,435,300	\$ 1,100,804,500	\$ 177,598,600	\$80,554,500	\$57,279,400	\$469,900
2022	1,434,784,600	22,530,300	1,095,797,000	178,188,400	80,554,500	57,279,400	435,000
2021	1,427,628,200	13,633,200	1,096,512,300	180,196,900	80,554,500	56,284,400	446,900
2020	1,425,281,600	11,132,400	1,095,433,100	181,430,000	80,554,500	56,284,400	447,200
2019	1,415,647,392	9,678,200	1,090,558,700	177,248,692	81,054,500	56,284,400	822,900

- (1) Source: Township Tax Assessor
- (2) Per \$100 of Assessed Valuation
- (3) Includes Municipal Open Space tax levy of \$325,000 per approved referendum
- (4) Source: State of New Jersey, Department of Treasury, Division of Taxation
- (5) Based on 2010 Census of 16,896
- (6) Based on 2020 Census of 17,882

TOWNSHIP OF DELRAN
STATEMENT OF INDEBTEDNESS (1)

The following table summarizes the direct debt of the Township in accordance with the requirements of the Local Bond Law of the State (N.J.S.A. 40A:2-2 et seq.). The gross debt is comprised of short and long-term debt issued, including General, Sewer Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include deductible school debt, reserve to pay bonds, as well as, debt considered to be self-liquidating. The resulting net debt of \$14,579,869 represents 0.824% of the average of equalized valuations for the Township for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u>		<u>Debt Auth.</u> <u>But Not</u> <u>Issued</u>	<u>Gross</u> <u>Debt</u>	<u>Deductions</u>			<u>Net</u> <u>Debt</u>
	<u>Bonds and</u> <u>Loans</u>	<u>Notes</u>			<u>School</u> <u>Debt</u>	<u>Funds Temporarily</u> <u>Reserve to Pay</u> <u>Bonds</u>	<u>Self-</u> <u>Liquidating</u>	
General	\$ 7,774,000	\$ 5,915,500	\$ 1,621,970	\$ 15,311,470		\$ 731,601		\$ 14,579,869
Sewer Utility	2,232,747		7,962,490	10,195,237			\$ 10,195,237	
School District	27,322,000			27,322,000	\$ 27,322,000			
	<u>\$ 37,328,747</u>	<u>\$ 5,915,500</u>	<u>\$ 9,584,460</u>	<u>\$ 52,828,707</u>	<u>\$ 27,322,000</u>	<u>\$ 731,601</u>	<u>\$ 10,195,237</u>	<u>\$ 14,579,869</u>

(1) As of December 31, 2022

Source: Township Auditor

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	\$ 1,770,326,253
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	0.824%
2022 Net Valuation Taxable	\$ 1,434,784,687
2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 1,735,136,776
Gross Debt (2):	
As a percentage of 2022 Net Valuation Taxable	3.68%
As a percentage of 2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.04%
Net Debt (2):	
As a percentage of 2022 Net Valuation Taxable	1.02%
As a percentage of 2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.84%
Gross Debt Per Capita (3)	\$2,954
Net Debt Per Capita (3)	\$816

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2020-22) Equalized Valuation of Real Property including Improvements (\$1,770,326,253)	\$ 61,961,419
Net Debt	<u>14,579,869</u>
Remaining Borrowing Capacity	<u>\$ 47,381,550</u>

SCHOOL DISTRICT BORROWING CAPACITY(1)

4% of Averaged (2020-22) Equalized Valuation of Real Property including Improvements (\$1,770,326,253)	\$ 70,813,050
Gross Debt	<u>27,322,000</u>
Remaining Borrowing Capacity	<u>\$ 43,491,050</u>

-
- (1) As of December 31, 2022
 - (2) Excluding overlapping debt
 - (3) Based on 2020 Federal Census of 17,882

TOWNSHIP OF DELRAN
SCHEDULE OF LONG TERM DEBT SERVICE(1)

Budget Year Ending <u>Dec. 31</u>	<u>General</u>		<u>Open Space</u>		<u>Sewer Utility</u>		Grand Total All Debt <u>Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 1,000,000	\$ 140,000	\$ 101,000	\$ 30,960	\$ 121,342	\$ 30,617	\$ 1,423,919
2024	1,000,000	120,000	98,000	26,920	152,152	38,231	1,435,303
2025	1,000,000	100,000	105,000	23,000	152,152	35,981	1,416,133
2026	1,000,000	80,000	114,000	17,600	152,152	34,231	1,397,983
2027	1,000,000	60,000	111,000	14,240	157,152	32,481	1,374,873
2028-2032	2,000,000	60,000	245,000	14,800	773,501	131,406	3,224,707
2033-2037					357,147	77,138	434,285
2038-2042					367,149	32,000	399,149
	<u>\$ 7,000,000</u>	<u>\$ 560,000</u>	<u>\$ 774,000</u>	<u>\$ 127,520</u>	<u>\$ 2,232,747</u>	<u>\$ 412,085</u>	<u>\$ 11,106,352</u>

(1) As of December 31, 2022

**COUNTY OF BURLINGTON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2022**

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
Delran Township Fire District #1	\$ 605,000		\$ 605,000	\$ 605,000	
County of Burlington:					
General					
Bonds	153,750,000	\$ 16,336,626 (1)	137,413,374	4,537,258 (2)	
Notes					(2) \$ 18,781,707
Loans	5,161,340		5,161,340	170,422 (2)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	362,025,500	362,025,500 (3)			
Solid Waste Utility	25,425,000	25,425,000			18,943,193
	<u>\$ 546,966,840</u>	<u>\$ 403,787,126</u>	<u>\$ 143,179,714</u>	<u>\$ 5,312,680</u>	<u>\$ 37,724,900</u>

- (1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
- (2) Such debt is allocated as a proportion of the Issuer's share of the total 2022 Net Valuations on which County taxes are apportioned, which is 3.30%.
- (3) Deductible in accordance with N.J.S. 40:37A-80.

**TOWNSHIP OF DELRAN
2023 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 4,474,400
Miscellaneous Revenues:	
Local Revenues	304,355
State Aid without Offsetting Appropriations	1,354,666
Dedicated Uniform Construction Code Fees Offset with Appropriations	300,000
Public and Private Programs Offset with Appropriations	387,579
Other Special Items of Revenue	246,600
Receipts from Delinquent Taxes	300,000
Amount to be Raised by Taxation for Municipal Purposes	<u>11,349,400</u>

Total Appropriated Revenues	<u><u>\$ 18,717,000</u></u>
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Appropriations:	
Within CAPS:	
Operations	\$ 14,454,960
Excluded from CAPS:	
Other Operations	129,929
Public and Private Programs	387,579
Capital Improvements	129,000
Debt Service	1,300,532
Deferred Charges	6,000
Judgments	30,000
Reserve for Uncollected Taxes	<u>2,279,000</u>

Total Appropriations	<u><u>\$ 18,717,000</u></u>
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SEWER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$ 487,000
Rents	3,600,000
Miscellaneous	14,000
Interest on Delinquencies	<u>25,000</u>

Total Anticipated Revenues	<u><u>\$ 4,126,000</u></u>
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Appropriations:	
Operating	\$ 2,993,740
Capital Improvements	767,000
Debt Service	162,000
Pension, Social Security, Unemployment Compensation	<u>203,260</u>

Total Appropriations	<u><u>\$ 4,126,000</u></u>
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OPEN SPACE FUND

Anticipated Revenues:	
Amount To Be Raised by Taxation	<u><u>\$ 400,000</u></u>

Appropriations:	
Reserve for Future Use	\$ 135,572
Debt Service:	
Payment of Bond Principal	217,200
Interest on Bonds	<u>47,228</u>

Total Appropriations	<u><u>\$ 400,000</u></u>
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**TOWNSHIP OF DELRAN
CAPITAL PROGRAM FOR THE YEARS 2023-2028**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations Current and Future Years</u>	<u>Capital Improvement Fund</u>	<u>Grants</u>	<u>Bonds and Notes Self Liquidating</u>	
					<u>General</u>	<u>Liquidating</u>
<u>General Improvements</u>						
Municipal Building Improvements and Equipment	\$ 318,000		\$ 15,900		\$ 302,100	
Parking Lot Resurfacing and Security	165,000		8,250		156,750	
Acquisition of Police Equipment	278,000		13,900		264,100	
Acquisition of Public Works Vehicles and Equipment	1,022,000		51,100		970,900	
Improvements to Fields and Parks	775,000		55,000		720,000	
Roads, Curbs and Sidewalk Improvements	<u>6,708,400</u>		<u>335,420</u>	<u>\$ 1,121,600</u>	<u>5,251,380</u>	
Total General Improvements	<u>9,266,400</u>	<u>\$ -</u>	<u>479,570</u>	<u>1,121,600</u>	<u>7,665,230</u>	<u>\$ -</u>
<u>Sewer Improvements</u>						
Water System Upgrade and Aeration Blower Replacement	1,100,000					1,100,000
Sanitary Sewer Replacement	850,000					850,000
Pump Station Replacements and Equipment	229,000	229,000				
Acquisition of Sewer Utility Vehicles	<u>138,000</u>	<u>138,000</u>				
Total Sewer Improvements	<u>2,317,000</u>	<u>367,000</u>	<u>-</u>		<u>-</u>	<u>1,950,000</u>
Total Improvements	<u>\$ 11,583,400</u>	<u>\$ 367,000</u>	<u>\$ 479,570</u>	<u>\$ 1,121,600</u>	<u>\$ 7,665,230</u>	<u>\$ 1,950,000</u>

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF DELRAN

FOR THE YEAR ENDED 2022
COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Council
Township of Delran
Delran, NJ 08075

Management is responsible for the accompanying financial statements of the Township of Delran, 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 Township'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
February 28, 2023

**TOWNSHIP OF DELRAN
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS
AS OF DECEMBER 31, 2022**

ASSETS

Cash--Treasurer	\$ 17,394,644
Cash--Change Funds	450
Federal and State Grants Receivable	664,790
Federal and State Grant Fund--Interfund Receivable	<u>2,190,715</u>
	<u>20,250,599</u>
Receivables and Other Assets with Full Reserves:	
Delinquent Property Taxes Receivable	505,600
Tax Title Liens Receivable	259,023
Property Acquired for Taxes-- Assessed Valuation	282,015
Revenue Accounts Receivable	7,770
Interfunds Receivable	<u>81,048</u>
	<u>1,135,456</u>
Deferred Charges:	
Special Emergency Authorization	<u>12,000</u>
	<u><u>\$ 21,398,055</u></u>

(Continued)

**TOWNSHIP OF DELRAN
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS
AS OF DECEMBER 31, 2022**

**LIABILITIES, RESERVES
AND FUND BALANCE**

Appropriation Reserves	\$ 2,064,410
Accounts Payable	124,119
Payroll Deductions Payable	23,265
Reserve for Encumbrances	587,590
Prepaid Licenses, Fees and Permits	39,686
Prepaid Taxes	409,672
Due to County for Added and Omitted Taxes	48,431
Due to State of NJ	25,480
Interfunds Payable	3,222,399
Reserve for Tax Map, Master Plan, Codification of Ordinances and Reassessment	20,511
Other Reserves	94,428
Reserve for Federal and State Grants	<u>2,773,980</u>
	9,433,971
 Reserve for Receivables and Other Assets	 1,135,456
Fund Balance	<u>10,828,628</u>
	 <u><u>\$ 21,398,055</u></u>

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF DELRAN
CURRENT FUND
STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE--REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Revenue Realized:

Current Tax Collections	\$ 55,607,514
Delinquent Tax Collections	<u>676,660</u>
Total Taxes	56,284,174
Miscellaneous Revenues Anticipated	3,209,596
Non Budget Revenue	184,235
Other Credits to Income	1,613,816
Fund Balance Utilized	<u>4,345,800</u>
Total Income	<u>65,637,621</u>

Expenditures and Encumbrances:

Operating	14,263,607
Capital Improvements	160,500
Debt Service	1,424,181
Deferred Charges	45,125
Judgements	5,500
County Taxes	6,595,528
Local School Tax	35,305,715
Fire District Taxes	2,274,951
Open Space Trust Tax	325,000
Creation of Reserve	55,814
Other Expenditures	<u>1,250</u>
Total Expenditures	<u>60,457,171</u>
Excess in Revenue	5,180,450
Fund Balance, January 1	<u>9,993,978</u>
	15,174,428
Decreased by:	
Utilized as Revenue	<u>4,345,800</u>
Fund Balance December 31	<u><u>\$ 10,828,628</u></u>

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF DELRAN
TRUST AND OTHER FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES --
REGULATORY BASIS
AS OF DECEMBER 31, 2022**

ASSETS

Animal Control License Fund:	
Cash --Treasurer and Clerk	<u>\$ 28,911</u>
Open Space Funds:	
Cash --Treasurer	1,206,926
Interfunds Receivable	<u>668,900</u>
Total Open Space	<u>1,875,826</u>
Length of Service Award Program Fund:	
Cash --Treasurer and Clerk	<u>631,523</u>
Trust--Other Funds:	
Cash --Treasurer	3,719,955
Interfunds Receivable	<u>6,000</u>
Total Trust -- Other Funds	<u>3,725,955</u>
	<u><u>\$ 6,262,215</u></u>

(Continued)

**TOWNSHIP OF DELRAN
TRUST AND OTHER FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES --
REGULATORY BASIS
AS OF DECEMBER 31, 2022**

LIABILITIES AND RESERVES

Animal Control License Fund:	
Interfund Payables	\$ 16,000
Reserve for Animal Expenditures	12,911
	28,911
Open Space Funds:	
Reserve for Open Space	1,798,426
Reserve for Payment of Debt	77,400
	1,875,826
Length of Service Award Program Fund:	
Interfund Payables	1,208
Reserve Length of Service Awards Program	630,315
	631,523
Trust--Other Funds:	
Accounts Payable	140,449
Interfund Payables	54,042
Reserve for Unemployment Compensation	38,656
Reserves for Special Funds	3,492,808
	3,725,955
Total Trust -- Other Funds	3,725,955
	\$ 6,262,215

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF DELRAN
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS
AS OF DECEMBER 31, 2022**

ASSETS

Cash and Investments	\$ 4,737,800
Grants Receivable	2,576,707
Interfunds Receivable	362,784
Deferred Charges to Future Taxation:	
Funded	7,774,000
Unfunded	7,537,470
	<u>\$ 22,988,761</u>

**LIABILITIES, RESERVES AND
FUND BALANCE**

General Serial Bonds and Notes	\$ 13,689,500
Improvement Authorizations:	
Funded	3,782,337
Unfunded	2,917,073
Contracts Payable	1,152,630
Reserve for:	
Preliminary Expenses	1,250
Repairs and Improvements to Drainage	
Facilities--Delran Harbor	15,000
Generator	20,000
Traffic Improvements	15,000
Storm Sewer Maintenance	21,750
Payment of Bonds or Notes	731,601
Capital Improvements	45,294
Capital Improvement Fund	73,882
Fund Balance	523,444
	<u>\$ 22,988,761</u>

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF DELRAN
SEWER UTILITY FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS
AS OF DECEMBER 31, 2022**

ASSETS

Operating Fund:	
Cash--Treasurer	\$ 10,211,945
Change Fund -- Collector	<u>200</u>
	<u>10,212,145</u>
Receivables with Full Reserves:	
Consumer Accounts Receivable	<u>873,219</u>
Total Operating Fund	<u>11,085,364</u>
Capital Fund:	
Cash--Treasurer	2,715,305
Fixed Capital	18,269,350
Fixed Capital Authorized and Uncompleted	11,061,819
Interfunds Receivable	<u>3,879,320</u>
Total Capital Fund	<u>35,925,794</u>
	<u><u>\$ 47,011,158</u></u>

(Continued)

**TOWNSHIP OF DELRAN
SEWER 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	\$ 705,003
Reserve for Encumbrances	215,223
Accounts Payable	86,849
Sewer Rent Prepayments	18,220
Prepaid Connection Fees	1,560,730
Accrued Interest on Bonds, Notes and Loans	4,387
Developer's Escrow Deposits	44,295
Interfund Payables	<u>3,895,118</u>

6,529,825

Reserves for Receivables	873,219
Fund Balance	<u>3,682,320</u>

Total Operating Fund	<u>11,085,364</u>
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Capital Fund:

Contracts Payable	998,640
Improvement Authorizations	9,424,853
Reserve for Amortization	18,110,482
Reserve for Deferred Amortization	1,025,450
Reserve for Sanitary Sewer Repairs	1,770,524
Reserve for Aeration of Water Tanks	1,950,000
NJ Environmental Trust Loan Payable	2,232,747
Capital Improvement Fund	325,000
Fund Balance	<u>88,098</u>

Total Capital Fund	<u>35,925,794</u>
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\$ 47,011,158

See Independent Accountant's Compilation Report and selected notes.

**TOWNSHIP OF DELRAN
SEWER UTILITY 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 Anticipated	\$ 2,685,000
Rents	3,755,264
Miscellaneous	110,451
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	530,333
Total Income	7,081,048

Expenditures

Operating	2,769,812
Capital Improvements	2,400,000
Debt Service	112,097
Deferred Charges and Statutory Expenditures	899,033
Total Expenditures	6,180,942

Statutory Excess to Fund Balance	900,106
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Fund Balance

Fund Balance, January 1	5,467,214
	6,367,320
Decreased by:	
Utilized by Sewer Operating Budget	2,685,000
Fund Balance December 31	\$ 3,682,320

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF DELRAN
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 Township of Delran was incorporated in 1880 and is located in Burlington County, New Jersey approximately fifteen miles from the City of Philadelphia. According to the 2020 census, the population is 17,882.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan D under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor and two Council members are elected at large and three Council members are elected by ward. All members serve four-year terms.

Measurement Focus, Basis of Accounting and Financial Statement Presentation- The financial statements of the Township of Delran contain all funds and account groups in accordance with the *Requirements of Audit ("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 Township of Delran 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.

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

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

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

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

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

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township'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 Township'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 Township of Delran 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 Township 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 Township 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 Township'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 utility operating fund represent amounts available for anticipation as revenue in future year's 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 are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township 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 Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, Township of Delran School District, the Township's Open Space Fund and the Township of Delran Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

County Taxes - The Township is responsible for levying, collecting and remitting county taxes for the County of Burlington. 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 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.

Fire District Taxes - The Township is responsible for levying, collecting, and remitting Fire District Taxes for the Township of Delran Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

Open Space Fund - In 2005, the Township established an Open Space Trust Fund as a result of a referendum passed in the general election in November 2004. In 2021 as a result of a referendum, the Open Space tax was extended for a period not to exceed 20 years and was implemented in the 2023 budget. The amount raised each year is limited to \$325,000.00 which was increased to \$400,000.00 in 2023 as a result of the extension.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township 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.

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

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 fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

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

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Delran
Delran, NJ 08075

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 Township of Delran in the County of Burlington, 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 Township's basic financial statements.

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 Township of Delran in the County of Burlington, 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 Township of Delran, in the County of Burlington, 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 Township 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 Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township'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 Township'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,

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

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

**TOWNSHIP OF DELRAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS**

	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash--Treasurer	\$ 14,545,925	\$ 14,043,721	\$ 12,516,558	\$ 12,954,608	\$ 13,906,082
Cash--Change Funds	450	450	200	200	200
Federal and State Grants Receivable	662,000	728,900	497,114		
Federal and State Grant Fund--Interfund Receivable	1,335,302	633,735	619,728		
	<u>16,543,677</u>	<u>15,406,806</u>	<u>13,633,600</u>	<u>12,954,808</u>	<u>13,906,282</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	682,864	592,517	550,024	644,445	619,048
Tax Title Liens Receivable	235,557	212,350	194,999	188,247	163,065
Property Acquired for Taxes-- Assessed Valuation	282,015	282,015	282,015	282,015	282,015
Revenue Accounts Receivable	9,468	12,150	15,453	19,539	20,006
Interfunds Receivable	25,235	106,744	603,508	117,856	512,083
	<u>1,235,139</u>	<u>1,205,776</u>	<u>1,645,999</u>	<u>1,252,102</u>	<u>1,596,217</u>
Deferred Charges:					
Emergency Authorizations				30,000	
Special Emergency Authorization	18,000	24,000	30,000		
	<u>18,000</u>	<u>24,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
	<u>\$ 17,796,816</u>	<u>\$ 16,636,582</u>	<u>\$ 15,309,599</u>	<u>\$ 14,236,910</u>	<u>\$ 15,502,499</u>

(Continued)

**TOWNSHIP OF DELRAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS**

	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 1,584,042	\$ 1,858,784	\$ 1,354,312	\$ 1,655,485	\$ 1,554,960
Accounts Payable	46,850	101,169	226,785	432,794	488,458
Payroll Deductions Payable	4,724	23,939		2,645	50,918
Reserve for Encumbrances	395,025	320,303	220,031	285,515	277,958
Prepaid Licenses, Fees and Permits	42,276	36,718	42,747	40,346	41,322
Prepaid Taxes	412,067	411,631	385,181	339,724	1,493,695
Tax Overpayments				80,391	50,303
Due to County for Added and Omitted Taxes	14,802	6,741	36,384	27,147	23,969
Due to State of NJ	28,142	11,440	27,572	17,591	16,940
Due to Fire District		567,589			
Due to School District	1,684				
Interfunds Payable	1,877,633	1,290,719	875,759		
Reserve for Tax Map, Master Plan, Codification of Ordinances and Reassessment	20,512	34,882	48,088	18,088	118,088
Reserve for Tax Appeals	208,954	208,954	208,954	208,954	208,954
Reserve for Federal and State Grants	1,930,988	1,362,634	1,116,842	490,970	843,032
	6,567,699	6,235,503	4,542,655	3,599,650	5,168,597
Reserve for Receivables and Other Assets	1,235,139	1,205,776	1,645,999	1,252,102	1,596,216
Fund Balance	9,993,978	9,195,303	9,120,945	9,385,158	8,737,686
	<u>\$ 17,796,816</u>	<u>\$ 16,636,582</u>	<u>\$ 15,309,599</u>	<u>\$ 14,236,910</u>	<u>\$ 15,502,499</u>

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

**TOWNSHIP OF DELRAN
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>
Revenue Realized:					
Current Tax Collections	\$ 54,943,412	\$ 54,772,292	\$ 54,152,605	\$ 52,933,549	\$ 51,936,735
Delinquent Tax Collections	594,170	555,387	659,485	612,233	717,277
Total Taxes	55,537,582	55,327,679	54,812,090	53,545,782	52,654,012
Miscellaneous Revenues Anticipated	2,826,539	3,211,652	3,346,955	3,059,212	2,849,485
Non Budget Revenue	234,167	266,434	113,884	282,205	238,424
Other Credits to Income	1,910,350	1,412,951	1,443,830	1,624,232	1,005,892
Fund Balance Utilized	4,301,500	4,000,000	4,008,000	3,748,000	3,500,000
Total Income	64,810,138	64,218,716	63,724,759	62,259,432	60,247,813
Expenditures and Encumbrances:					
Operating	11,964,073	12,039,421	11,709,043	11,169,213	11,002,487
Capital Improvements	50,000	100,000	100,000	150,000	150,000
Debt Service	1,491,271	1,958,619	2,612,783	2,557,275	2,039,509
Deferred Charges	1,929,500	1,967,889	1,695,611	1,552,085	1,585,726
County Taxes	6,395,665	6,502,011	6,405,379	6,324,063	6,037,293
Local School Tax	35,309,302	34,979,035	34,275,523	33,642,169	33,132,758
Fire District Taxes	2,236,124	2,264,811	2,265,471	2,224,562	2,205,770
Open Space Trust Tax	325,000	325,000	325,000	325,000	325,000
Refund of Prior Year Revenues		7,322	67,256	6,170	
Creation of Reserve	8,027		523,943	40,923	323,635
Other Expenditures	1,001	250	962	2,500	2,592
Total Expenditures	59,709,963	60,144,358	59,980,971	57,993,960	56,804,770
Excess in Revenue	5,100,175	4,074,358	3,743,788	4,265,472	3,443,043
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute Deferred Charges to budget of succeeding year				30,000	
Statutory Excess to Fund Balance	5,100,175	4,074,358	3,743,788	4,295,472	3,443,043
Prior Period Adjustment				100,000	
Fund Balance, January 1	9,195,303	9,120,945	9,385,157	8,737,686	8,794,643
	14,295,478	13,195,303	13,128,945	13,133,158	12,237,686
Decreased by:					
Utilized as Revenue	4,301,500	4,000,000	4,008,000	3,748,000	3,500,000
Fund Balance December 31	\$ 9,993,978	\$ 9,195,303	\$ 9,120,945	\$ 9,385,158	\$ 8,737,686

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

**TOWNSHIP OF DELRAN
TRUST AND OTHER FUNDS
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES --
REGULATORY BASIS**

	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Animal Control License Fund:					
Cash --Treasurer and Clerk	\$ 31,644	\$ 38,382	\$ 40,858	\$ 27,975	\$ 13,248
Open Space Funds:					
Cash --Treasurer	1,496,218	2,143,889	2,135,592	2,116,141	2,206,105
Interfunds Receivable	325,000	167,920	214,235		
Total Open Space	1,821,218	2,311,809	2,349,827	2,116,141	2,206,105
Length of Service Award Program Fund:					
Cash --Treasurer and Clerk	770,665	655,653	688,922	618,240	727,124
Trust--Other Funds:					
Cash --Treasurer	3,779,407	3,027,971	2,892,388	2,451,268	2,322,433
Interfunds Receivable	3,000	119,776	44,797		
Accounts Receivable	9,050	4,040	97,568	5,560	5,280
Total Trust -- Other Funds	3,791,457	3,151,787	3,034,753	2,456,828	2,327,713
	<u>\$ 6,414,984</u>	<u>\$ 6,157,631</u>	<u>\$ 6,114,360</u>	<u>\$ 5,219,184</u>	<u>\$ 5,274,190</u>

(Continued)

**TOWNSHIP OF DELRAN
TRUST AND OTHER FUNDS
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES --
REGULATORY BASIS**

	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
LIABILITIES AND RESERVES					
Animal Control License Fund:					
Interfund Payables	\$ 16,000	\$ 19,135	\$ 19,135	\$ 5,645	
Due to State of New Jersey					
Accounts Payable			830		\$ 765
Reserve for Animal Expenditures	15,644	19,247	20,893	22,330	12,483
Total Animal Control License Fund	31,644	38,382	40,858	27,975	13,248
Open Space Funds:					
Interfund Payables		508,750	508,750	200,000	209,181
Reserve for Open Space	1,762,718	1,763,759	1,821,277	1,896,041	1,927,343
Reserve for Payment of Debt	58,500	39,300	19,800	20,100	69,581
Total Open Space Fund	1,821,218	2,311,809	2,349,827	2,116,141	2,206,105
Length of Service Award Program Fund:					
Interfund Payables	1,208	1,208	68,783	64,338	64,337
Reserve Length of Service Awards Program	769,457	654,445	620,139	553,902	662,787
Total Length of Service Award Program Fund	770,665	655,653	688,922	618,240	727,124
Trust--Other Funds:					
Accounts Payable	118,616	101,170	92,556	84,624	93,875
Prepaid Outside Police	32,078	20,443	15,433	19,898	17,048
Interfund Payables	8,027			204,283	169,005
Reserve for Unemployment Compensation	55,394	45,336	56,439	66,584	60,144
Reserves for Special Funds	3,577,342	2,984,838	2,870,325	2,081,439	1,987,641
Total Trust -- Other Funds	3,791,457	3,151,787	3,034,753	2,456,828	2,327,713
	\$ 6,414,984	\$ 6,157,631	\$ 6,114,360	\$ 5,219,184	\$ 5,274,190

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

**TOWNSHIP OF DELRAN
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS**

	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash and Investments	\$ 5,040,446	\$ 1,610,733	\$ 3,408,066	\$ 3,600,788	\$ 2,992,070
Due from Department of Transportation					
Grants Receivable	334,707	334,707	84,707	243,099	356,000
Interfunds Receivable	217,331	881,038	523,945	215,195	576,675
Deferred Charges to Future Taxation:					
Funded	9,113,000	10,707,000	12,799,000	1,464,000	2,836,000
Unfunded	4,976,453	5,156,015	2,993,068	14,932,232	14,262,159
	<u>\$ 19,681,937</u>	<u>\$ 18,689,493</u>	<u>\$ 19,808,786</u>	<u>\$ 20,455,314</u>	<u>\$ 21,022,904</u>
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds and Notes	\$ 13,215,947	\$ 10,707,000	\$ 12,799,000	\$ 14,539,090	\$ 13,790,000
Interfunds Payable			426,784	3,866	316,257
Improvement Authorizations:					
Funded	2,245,512	3,259,578	3,462,643	288,316	569,121
Unfunded	1,164,474	3,479,099	1,281,601	4,120,708	4,365,520
Contracts Payable	1,496,543	778,671	1,317,825	931,628	947,997
Reserve for:					
Preliminary Expenses	1,250	1,250	1,250	1,250	1,250
Repairs and Improvements to Drainage					
Facilities--Delran Harbor	15,000	15,000	15,000	15,000	15,000
Generator	20,000	20,000	20,000	20,000	20,000
Traffic Improvements	15,000	15,000	15,000	15,000	15,000
Storm Sewer Maintenance	21,750	21,750	21,750	21,750	21,750
Payment of Bonds or Notes	867,163	207,576	232,576	282,576	794,078
Capital Improvement Fund	117,032	111,932	142,720	143,493	94,294
Fund Balance	502,266	72,637	72,637	72,637	72,637
	<u>\$ 19,681,937</u>	<u>\$ 18,689,493</u>	<u>\$ 19,808,786</u>	<u>\$ 20,455,314</u>	<u>\$ 21,022,904</u>

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

**TOWNSHIP OF DELRAN
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS**

ASSETS	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Fund:					
Cash--Treasurer	\$ 8,245,226	\$ 6,813,219	\$ 7,183,908	\$ 7,617,279	\$ 6,737,438
Change Fund -- Collector	200	200	200	100	100
Interfunds Receivable			1,286,184	278,758	248,574
	<u>8,245,426</u>	<u>6,813,419</u>	<u>8,470,292</u>	<u>7,896,137</u>	<u>6,986,112</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	839,148	847,992	817,248	840,763	891,744
Total Operating Fund	<u>9,084,574</u>	<u>7,661,411</u>	<u>9,287,540</u>	<u>8,736,900</u>	<u>7,877,856</u>
Capital Fund:					
Cash--Treasurer	2,770,053	1,351,767	916,350	216,805	1,005,578
Fixed Capital	18,269,350	17,278,816	12,783,627	12,641,181	13,272,596
Fixed Capital Authorized and Uncompleted	4,311,819	5,302,353	9,904,000	9,904,000	7,954,000
NJEIT Loan Receivable	248,063	1,523,620			12,171
Interfunds Receivable	1,253,914	194,482			
Total Capital Fund	<u>26,853,199</u>	<u>25,651,038</u>	<u>23,603,977</u>	<u>22,761,986</u>	<u>22,244,345</u>
	<u>\$ 35,937,773</u>	<u>\$ 33,312,449</u>	<u>\$ 32,891,517</u>	<u>\$ 31,498,886</u>	<u>\$ 30,122,201</u>

(Continued)

**TOWNSHIP OF DELRAN
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS**

LIABILITIES, RESERVES AND FUND BALANCES	As of December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Fund:					
Liabilities:					
Appropriation Reserves	\$ 547,549	\$ 642,767	\$ 1,186,336	\$ 1,252,452	\$ 412,609
Reserve for Encumbrances	214,869	133,432	61,157	214,545	347,390
Sewer Rent Prepayments	15,333	11,566	10,321	13,877	29,855
Prepaid Connection Fees	700,644	48,761		42,666	137,142
Accrued Interest on Bonds, Notes and Loans	3,994	4,327	4,660	9,563	8,052
Developer's Escrow Deposits	38,909	43,686	27,763	39,959	33,254
Interfund Payables	1,256,914	283,883	107,000	20,911	19,294
	<u>2,778,212</u>	<u>1,168,422</u>	<u>1,397,237</u>	<u>1,593,973</u>	<u>987,596</u>
Reserves for Receivables	839,148	847,992	817,248	840,763	891,744
Fund Balance	<u>5,467,214</u>	<u>5,644,997</u>	<u>7,073,055</u>	<u>6,302,164</u>	<u>5,998,516</u>
Total Operating Fund	<u>9,084,574</u>	<u>7,661,411</u>	<u>9,287,540</u>	<u>8,736,900</u>	<u>7,877,856</u>
Capital Fund:					
Reserve for Payment of Debt				640,000	
Interfunds Payable			1,286,184	277,104	246,920
Contracts Payable	232,216	470,844	343,613	644,666	1,747,935
Improvement Authorizations	3,396,347	3,260,381	4,402,915	4,411,397	3,017,085
Reserve for Amortization	17,299,726	16,873,859	14,901,595	13,184,426	13,733,289
Reserve for Deferred Amortization	1,025,450	1,025,450	1,025,450	1,025,450	1,025,450
Reserve for Sanitary Sewer Repairs	1,905,829	932,150			
Bond Anticipation Notes Payable				840,000	640,000
NJ Wastewater Treatment Loan Payable	2,658,547	2,753,270	1,309,136	1,403,859	1,498,582
Capital Improvement Fund	325,000	325,000	325,000	325,000	325,000
Fund Balance	<u>10,084</u>	<u>10,084</u>	<u>10,084</u>	<u>10,084</u>	<u>10,084</u>
Total Capital Fund	<u>26,853,199</u>	<u>25,651,038</u>	<u>23,603,977</u>	<u>22,761,986</u>	<u>22,244,345</u>
	<u>\$ 35,937,773</u>	<u>\$ 33,312,449</u>	<u>\$ 32,891,517</u>	<u>\$ 31,498,886</u>	<u>\$ 30,122,201</u>

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

**TOWNSHIP OF DELRAN
SEWER UTILITY FUND
STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE--REGULATORY BASIS**

Revenue and Other Income Realized	For the Years Ended December 31				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fund Balance Anticipated	\$ 1,750,000	\$ 2,557,000	\$ 815,000	\$ 600,000	
Rents	3,798,193	3,725,419	3,791,701	3,841,294	\$ 3,871,716
Miscellaneous	64,950	101,201	146,413	121,827	95,811
Non-Budget Revenues	54,857	27,596	60,952	173,713	91,428
Reserve to Pay Debt			640,000		
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	386,061	1,138,374	1,220,992	391,311	233,656
Total Income	6,054,061	7,549,590	6,675,058	5,128,145	4,292,611
Expenditures					
Operating	2,654,493	2,646,277	2,666,176	2,655,939	2,853,887
Capital Improvements	1,225,000	1,225,000	657,000	657,000	155,000
Debt Service	107,371	108,371	970,002	754,558	91,897
Deferred Charges and Statutory Expenditures	494,980	2,141,000	795,989	157,000	158,000
Contribution to Current Fund		300,000			
Total Expenditures	4,481,844	6,420,648	5,089,167	4,224,497	3,258,784
Statutory Excess to Fund Balance	1,572,217	1,128,942	1,585,891	903,648	1,033,827
<u>Fund Balance</u>					
Fund Balance, Beginning	5,644,997	7,073,055	6,302,164	5,998,516	4,964,689
	7,217,214	8,201,997	7,888,055	6,902,164	5,998,516
Decreased by:					
Utilized by Sewer Operating Budget	1,750,000	2,557,000	815,000	600,000	
Fund Balance December 31	\$ 5,467,214	\$ 5,644,997	\$ 7,073,055	\$ 6,302,164	\$ 5,998,516

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

TOWNSHIP OF DELRAN
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Delran was incorporated in 1880 and is located in Burlington County, New Jersey approximately fifteen miles from the City of Philadelphia. According to the 2020 census, the population is 17,882.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan D under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor and two Council members are elected at large and three Council members are elected by ward. All members serve four-year terms.

Measurement Focus, Basis of Accounting and Financial Statement Presentation- The financial statements of the Township of Delran contain all funds and account groups in accordance with the *Requirements of Audit ("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 Township of Delran 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.

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

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

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

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

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

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township'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 Township'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 Township of Delran 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 Township 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 Township 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 Township'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 utility operating fund represent amounts available for anticipation as revenue in future year's 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 are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township 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 Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, Township of Delran School District, the Township's Open Space Fund and the Township of Delran Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

County Taxes - The Township is responsible for levying, collecting and remitting county taxes for the County of Burlington. 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 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.

Fire District Taxes - The Township is responsible for levying, collecting, and remitting Fire District Taxes for the Township of Delran Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

Open Space Fund - In 2005, the Township established an Open Space Trust Fund as a result of a referendum passed in the general election in November 2004. The amount raised each year is limited to \$325,000.00.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township 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.

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

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 fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township 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 trust 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 Township's bank balances of \$36,299,382.73 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 500,000.00
Insured by GUDPA	33,920,652.56
Uninsured and Uncollateralized	<u>1,878,730.17</u>
Total	<u>\$ 36,299,382.73</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 3.891	\$ 3.883	\$ 3.847	\$ 3.783	\$ 3.723
Apportionment of Tax Rate:					
Municipal	\$ 0.790	\$ 0.790	\$ 0.791	\$ 0.772	\$ 0.761
Municipal Open Space	0.022	0.022	0.022	0.023	0.023
County & County Library	0.425	0.434	0.417	0.419	0.386
County Open Space Preservation Trust Fund	0.023	0.024	0.034	0.028	0.043
Local School	2.474	2.454	2.422	2.383	2.353
Special District Rates:					
Fire District	0.157	0.159	0.161	0.158	0.157

Assessed Valuation

<u>Year</u>	<u>Assessed Valuation</u>
2021	\$ 1,427,628,287.00
2020	1,425,281,690.00
2019	1,415,647,482.00
2018	1,411,655,182.00
2017	1,407,526,492.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2021	\$ 55,677,559.80	\$ 54,943,411.71	98.68%
2020	55,400,859.12	54,772,292.12	98.87%
2019	54,733,880.77	54,170,770.55	98.97%
2018	53,638,315.47	52,933,549.13	98.69%
2017	52,617,638.70	51,936,735.45	98.71%

Note 3: PROPERTY TAXES (CONT'D)

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 (cont'd):

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	\$ 235,557.47	\$ 682,863.53	\$ 918,421.00	1.65%
2020	212,349.93	592,516.90	804,866.83	1.45%
2019	194,999.03	550,024.20	745,023.23	1.36%
2018	188,246.82	644,445.08	832,691.90	1.55%
2017	163,064.45	619,048.14	782,112.59	1.49%

The following comparison is made of the number of tax title liens receivable on December 31 of the last five years:

<u>Year</u>	<u>Number of Tax Title Liens Receivable</u>
2021	12
2020	12
2019	12
2018	13
2017	13

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2021	\$ 282,015.00
2020	282,015.00
2019	282,015.00
2018	282,015.00
2017	282,015.00

Note 5: SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Receivable Balance as of January 1</u>	<u>Levy</u>	<u>Total</u>	<u>Collections</u>	<u>Percentage of Collection</u>
2021	\$ 847,992.25	\$ 3,840,170.00	\$ 4,688,162.25	\$ 3,849,013.90	82.10%
2020	817,248.10	3,819,345.06	4,636,593.16	3,788,600.91	81.71%
2019	840,762.66	3,829,772.80	4,670,535.46	3,853,287.36	82.50%
2018	891,743.86	3,846,407.30	4,738,151.16	3,897,388.50	82.26%
2017	949,798.17	3,876,301.51	4,826,099.68	3,934,355.82	81.52%

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:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2021	\$ 9,993,978.34	\$ 4,345,800.00	43.48%
2020	9,195,302.83	4,301,500.00	46.78%
2019	9,120,945.15	4,000,000.00	43.86%
2018	9,285,157.65	4,008,000.00	43.17%
2017	8,737,686.32	3,748,000.00	42.89%
<u>Sewer Utility Operating Fund</u>			
2021	\$ 5,467,214.19	\$ 2,685,000.00	49.11%
2020	5,644,997.29	1,750,000.00	31.00%
2019	7,073,054.89	2,557,000.00	36.15%
2018	6,302,163.72	815,000.00	12.93%
2017	5,998,516.00	600,000.00	10.00%

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 Receivables</u>	<u>Interfunds Payable</u>
Current Fund	\$ 25,234.52	\$1,815,358.98
Federal and State	1,335,302.56	62,274.80
Trust Fund - Animal Control		16,000.00
Trust Fund - Open Space	325,000.00	
Trust Fund - LOSAP		1,207.93
Trust Fund - Other	3,000.00	8,026.59
General Capital Fund	217,331.22	
Sewer Utility Operating Fund		1,256,914.21
Sewer Utility Capital Fund	1,253,914.21	
	<u>\$3,159,782.51</u>	<u>\$3,159,782.51</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 Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

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

A substantial number of the Township'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 Township 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>

Note 8: PENSION PLANS (CONT'D)**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 Township, 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 Township. 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.

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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.

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

Public Employees' Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2020 was 14.26% of the Township'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 Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$368,083.00 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$335,726.00, which was paid by April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$199,127.70.

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.

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 Township's contractually required contribution rate for the year ended December 31, 2020 was 30.70% of the Township'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 Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$922,209.00 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$842,180.00, which was paid by April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$301,720.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2020 was 4.24% of the Township's covered payroll.

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

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2020 was \$127,380.00 and was payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 was \$108,556.00, which was paid by 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 Township 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 \$5,026.74, and the Township's contributions were \$3,731.02. There were no forfeitures during the year.

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 Township's proportionate share of the PERS net pension liability was \$5,486,972.00. 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 Township's proportion of the net pension liability was based on a projection of the Township'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 Township's proportion was .0336471637%, which was a decrease of .0008674990% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$29,155.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township's contribution to PERS was \$335,726.00, and was paid by April 1, 2020.

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

Pension Liability - As of December 31, 2020, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 10,666,369.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,655,372.00</u>
	<u>\$ 12,321,741.00</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township'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 Township's proportion was .0825486090%, which was a decrease of .0008264198% 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 Township, was .0825486090%, which was a decrease of .0008264198% from its proportion, on-behalf of the Township, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$490,960.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township's contribution to PFRS was \$842,180.00, and was paid by April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2020 measurement date, was \$187,603.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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 - As of December 31, 2020, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 99,909.00	\$ 107,535.00	\$ 207,444.00	\$ 19,404.00	\$ 38,280.00	\$ 57,684.00
Changes of Assumptions	178,004.00	26,842.00	204,846.00	2,297,447.00	2,859,590.00	5,157,037.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	187,549.00	625,419.00	812,968.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	63,322.00	27,835.00	91,157.00	440,551.00	524,099.00	964,650.00
Township Contributions Subsequent to the Measurement Date	184,042.00	461,105.00	645,147.00	-	-	-
	<u>\$ 712,826.00</u>	<u>\$ 1,248,736.00</u>	<u>\$ 1,961,562.00</u>	<u>\$ 2,757,402.00</u>	<u>\$ 3,421,969.00</u>	<u>\$ 6,179,371.00</u>

Deferred outflows of resources in the amounts of \$184,042.00 and \$461,105.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ended December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the Township'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 Township will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<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 Township 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 <u>Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (771,390.00)	\$ (1,172,530.00)	\$ (1,943,920.00)
2022	(738,802.00)	(783,822.00)	(1,522,624.00)
2023	(479,566.00)	(369,113.00)	(848,679.00)
2024	(201,431.00)	(199,567.00)	(400,998.00)
2025	(37,429.00)	(109,306.00)	(146,735.00)
	<u>\$ (2,228,618.00)</u>	<u>\$ (2,634,338.00)</u>	<u>\$ (4,862,956.00)</u>

Actuarial Assumptions

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

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

⁽¹⁾ based on years of service

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

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

Police and Firemen's Retirement System

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

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

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

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

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

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

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Township'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 Township'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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 6,907,183.00</u>	<u>\$ 5,486,972.00</u>	<u>\$ 4,281,885.00</u>

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Township'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 Township's annual required contribution. As such, the net pension liability as of the June 30, 2020 measurement date, for the Township 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 14,184,075.00	\$ 10,666,369.00	\$ 7,744,645.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>2,201,304.00</u>	<u>1,655,372.00</u>	<u>1,201,934.00</u>
	<u>\$ 16,385,379.00</u>	<u>\$ 12,321,741.00</u>	<u>\$ 8,946,579.00</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 Township'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>
Township's Proportion of the Net Pension Liability	0.0336471637%	0.0345146627%	0.0365431220%	0.0363370542%
Township's Proportionate Share of the Net Pension Liability	\$ 5,486,972.00	\$ 6,219,019.00	\$ 7,195,159.00	\$ 8,458,685.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,393,856.00	\$ 2,395,892.00	\$ 2,532,432.00	\$ 2,537,328.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	229.21%	259.57%	284.12%	333.37%
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>
Township's Proportion of the Net Pension Liability	0.0359861706%	0.0349554359%	0.0361696042%	0.0365878531%
Township's Proportionate Share of the Net Pension Liability	\$ 10,658,072.00	\$ 7,846,795.00	\$ 6,771,939.00	\$ 6,992,666.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,528,524.00	\$ 2,360,716.00	\$ 2,484,836.00	\$ 2,530,596.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	421.51%	332.39%	272.53%	276.32%
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 Township'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>
Township's Contractually Required Contribution	\$ 368,083.00	\$ 335,726.00	\$ 363,486.00	\$ 336,624.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (368,083.00)	\$ (335,726.00)	(363,486.00)	(336,624.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,580,725.00	\$ 2,461,092.00	\$ 2,417,904.00	\$ 2,531,886.00
Township's Contributions as a Percentage of Covered Payroll	14.26%	13.64%	15.03%	13.30%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 319,696.00	\$ 300,523.00	\$ 298,177.00	\$ 275,682.00
Township's Contribution in Relation to the Contractually Required Contribution	(319,696.00)	(300,523.00)	(298,177.00)	(275,682.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,581,927.00	\$ 2,556,514.00	\$ 2,371,131.00	\$ 2,409,705.00
Township's Contributions as a Percentage of Covered Payroll	12.38%	11.76%	12.58%	11.44%

Note 8: **PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)****Schedule of the Township'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>
Township's Proportion of the Net Pension Liability	0.0825486090%	0.0833750288%	0.0863716364%	0.0860009182%
Township's Proportionate Share of the Net Pension Liability	\$ 10,666,369.00	\$ 10,203,285.00	\$ 11,687,506.00	\$ 13,276,879.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>1,655,372.00</u>	<u>1,611,118.00</u>	<u>1,587,554.00</u>	<u>1,487,122.00</u>
Total	<u>\$ 12,321,741.00</u>	<u>\$ 11,814,403.00</u>	<u>\$ 13,275,060.00</u>	<u>\$ 14,764,001.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,908,468.00	\$ 2,894,332.00	\$ 2,985,956.00	\$ 2,901,144.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	366.73%	352.53%	391.42%	457.64%
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>
Township's Proportion of the Net Pension Liability	0.0871336477%	0.0906792440%	0.0882256595%	0.0883850972%
Township's Proportionate Share of the Net Pension Liability	\$ 16,644,756.00	\$ 15,104,001.00	\$ 11,097,970.00	\$ 11,750,001.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>1,397,747.00</u>	<u>1,324,570.00</u>	<u>1,195,065.00</u>	<u>1,095,243.00</u>
Total	<u>\$ 18,042,503.00</u>	<u>\$ 16,428,571.00</u>	<u>\$ 12,293,035.00</u>	<u>\$ 12,845,244.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,892,160.00	\$ 3,078,700.00	\$ 2,929,272.00	\$ 2,924,976.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	575.51%	490.60%	378.86%	401.71%
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 Township'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>
Township's Contractually Required Contribution	\$ 922,209.00	\$ 842,180.00	\$ 844,410.00	\$ 761,124.00
Township's Contribution in Relation to the Contractually Required Contribution	(922,209.00)	(842,180.00)	(844,410.00)	(761,124.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 3,004,368.00	\$ 2,969,996.00	\$ 2,891,717.00	\$ 2,936,631.00
Township's Contributions as a Percentage of Covered Payroll	30.70%	28.36%	29.20%	25.92%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 710,436.00	\$ 737,087.00	\$ 677,634.00	\$ 644,838.00
Township's Contribution in Relation to the Contractually Required Contribution	(710,436.00)	(737,087.00)	(677,634.00)	(644,838.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,914,484.00	\$ 2,882,684.00	\$ 2,923,223.00	\$ 2,929,231.00
Township's Contributions as a Percentage of Covered Payroll	24.38%	25.57%	23.18%	22.01%

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 Township's length of service awards program (the "LOSAP Plan"), which is a defined contribution plan reported in the Township's trust fund, was created by a Township Ordinance adopted on June 7, 2006 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 LOSAP 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 Township approved the adoption of the LOSAP Plan at the general election held on November 7, 2006, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2007. The LOSAP Plan provides tax deferred income benefits to active volunteer emergency medical personnel and is administered by VALIC ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Township's practical involvement in administering the LOSAP Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the LOSAP Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Delran Township Emergency Squad, consisting of the Emergency Squad, come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of the LOSAP Plan created by that governing body. Participants should refer to the LOSAP Plan agreement for a more complete description of the LOSAP Plan's provisions.

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

Plan Amendments - The Township may make minor amendments to the provisions of the LOSAP 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 LOSAP Plan can only be amended by resolution of the governing body of the Township, and the following procedures must be followed: (a) any amendment to the LOSAP 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 Township's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Township'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 Township shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Township may amend the LOSAP 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 LOSAP Plan, the Township shall notify all participants in writing prior to making any amendment to the LOSAP 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 Township elected to contribute between \$100.00 and \$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 Township 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 Township's total expenditure, net of forfeitures of \$0.00, to the Plan was \$15,150.00.

Participant Accounts - Each participant's account is credited with the Township's contribution and Plan earnings and charged with administrative expenses. For the year ended December 31, 2021, the Township elected to pay substantially all of the LOSAP Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township 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 Township to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Township. These funds, however, are not available for funding the operations of the Township.

Vesting - The Township, 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 LOSAP Plan.

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

Payment of Benefits - Upon separation from volunteer service, retirement or disability, termination of the LOSAP 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 LOSAP 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, there were no forfeited non-vested accounts that occurred during the year. The LOSAP Plan still contains forfeited accounts that have not been turned over to the Township.

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 Township's length of service awards program can be obtained by contacting the LOSAP Plan Administrator.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Township provides postemployment benefits other than pension benefits through the State Health Benefits Local Government Retired Employees Plan and through reimbursement of health insurance premiums directly to employees if they choose not to participate in the State Health Benefit Plan. The reimbursement for health insurance premiums and the amount of the benefit is established by the Township.

State Health Benefits Local Government Retired Employees Plan**General Information about the State Health Benefit Local Government Retired Employees Plan**

In June 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. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. As of the date of this report, the information for the measurement period ended June 30, 2021 was not available; therefore, the information from the measurement period June 30, 2020 is disclosed below.

Plan Description and Benefits Provided - The Township contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$24,020.74, for the year ended December 31, 2020, representing 0.43% of the Township's covered payroll. During the year ended December 31, 2020, retirees were required to contribute \$4,267.32 to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

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

State Health Benefits Local Government Retired Employees Plan (Cont'd)

General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)

Special Funding Situation Component (Cont'd) - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 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, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the Township, is \$391,742.00 for the year ended December 31, 2020, representing (7.01%) of the Township's covered payroll.

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2020 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$ 9,128,365.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>7,869,431.00</u>
	<u>\$ 16,997,796.00</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the Township's proportion was 0.050864% which was an increase of 0.005260% from its proportion measured as of the June 30, 2019 measurement date.

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

State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability (Cont'd) - The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the State's proportion on-behalf of the Township was 0.144068% which was an increase of 0.023311% from its proportion measured as of the June 30, 2019 measurement date.

OPEB (Benefit) Expense - At December 31, 2020, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date is (\$31,851.00). This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township made contributions to the Plan totaling \$24,020.74.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2020, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 240,434.00	\$ 1,699,872.00
Changes of Assumptions	1,365,316.00	2,030,008.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	5,797.00	-
Changes in Proportion	1,023,787.00	1,243,457.00
Township Contributions Subsequent to the Measurement Date	12,339.90	-
	<u>\$ 2,647,673.90</u>	<u>\$ 4,973,337.00</u>

Deferred outflows of resources in the amount of \$12,339.90 will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2021.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05
June 30, 2020	7.87	7.87

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

State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability will be recognized in future periods as follows:

Year Ending <u>Dec. 31,</u>	
2021	\$ (594,767.00)
2022	(595,212.00)
2023	(595,931.00)
2024	(596,588.00)
2025	(329,543.00)
Thereafter	374,038.00
	\$ (2,338,003.00)

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Future Years	3.25% to 15.25%

* salary increases are based on years of service within the respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2020.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2020.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The net OPEB liability, calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Township's Proportionate Share of the Net OPEB Liability	\$ 10,791,656.00	\$ 9,128,365.00	\$ 7,811,719.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	9,303,330.00	7,869,431.00	6,734,369.00
	<u>\$ 20,094,986.00</u>	<u>\$ 16,997,796.00</u>	<u>\$ 14,546,088.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**State Health Benefits Local Government Retired Employees Plan (Cont'd)****Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Township's Proportionate Share of the Net OPEB Liability	\$ 7,553,731.00	\$ 9,128,365.00	\$ 11,190,369.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>6,511,962.00</u>	<u>7,869,431.00</u>	<u>9,647,055.00</u>
	<u>\$ 14,065,693.00</u>	<u>\$ 16,997,796.00</u>	<u>\$ 20,837,424.00</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last Four Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.050864%	0.045604%	0.048280%	0.050516%
Township's Proportionate Share of the Net OPEB Liability	\$ 9,128,365.00	\$ 6,177,551.00	\$ 7,563,844.00	\$ 10,313,240.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>7,869,431.00</u>	<u>6,672,692.00</u>	<u>8,090,923.00</u>	<u>11,246,126.00</u>
Total	<u>\$ 16,997,796.00</u>	<u>\$ 12,850,243.00</u>	<u>\$ 15,654,767.00</u>	<u>\$ 21,559,366.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 5,568,281.00	\$ 5,318,223.00	\$ 5,360,975.00	\$ 5,509,377.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	163.94%	116.16%	141.09%	187.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.98%	1.97%	1.03%

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

State Health Benefits Local Government Retired Employees Plan (Cont'd)

Supplementary OPEB Information (Cont'd)

Schedule of the Township's Contributions (Last Four Years)

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 24,020.74	\$ 16,195.34	\$ 16,999.92	\$ 21,202.15
Township's Contributions in Relation to the Required Contribution	<u>(24,020.74)</u>	<u>(16,195.34)</u>	<u>(16,999.92)</u>	<u>(21,202.15)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 5,585,093.00	\$ 5,431,088.00	\$ 5,309,621.00	\$ 5,468,517.00
Township's Contributions as a Percentage of Covered Payroll	0.43%	0.30%	0.32%	0.39%

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of June 30, 2019 included updates to the provisions of Chapter 48, along with newly adopted changes in different levels of subsidy for employers.

Changes in Assumptions - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend, repealment of the excise tax, and updated mortality improvement assumptions.

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

On October 21, 2020, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2020. The MP-2020 scale reflects more recent mortality data for the U.S. population.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Township of Delran Postemployment Health Benefit Plan****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Township provides reimbursement for postretirement health care benefits through 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. The Township provides this benefit for ten years after the employee retires or until the death of the employee. The benefit is determined by negotiated contract for each collective bargaining unit. The Plan is administered by the Township; therefore, reimbursements to the retirees are paid in monthly installments directly to the retirees.

Employees Covered by Benefit Terms - As of January 1, 2021, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

	<u>December 31, 2021</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	15
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	59
	<u>74</u>

Contributions - Employees are not required to contribute to the plan.

Total OPEB Liability

The Township's total OPEB liability of \$1,325,956.00 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 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	3.00% Annually
Salary Increases	3.00% Annually
Discount Rate	2.25%
Healthcare Cost Trend Rates	
Delran Police Association Employees	5.00% Annually
All Other Employees	0.00%

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index.

Mortality rates were based on RP-2006 mortality table with MP-2020 projection.

An experience study was not performed on the actuarial assumptions used in the January 1, 2021 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Township of Delran Postemployment Health Benefit Plan (Cont'd)****Changes in Total OPEB Liability**

Balance at Beginning of Year		\$ 1,384,469.00
Changes for the Year:		
Service Cost	\$ 41,704.00	
Interest Cost	26,131.00	
Benefit Payments	(61,079.00)	
Actuarial Assumption Changes	(40,639.00)	
Difference between expected and actual experience	<u>(24,630.00)</u>	
Net Changes		<u>(58,513.00)</u>
Balance at End of Year		<u><u>\$ 1,325,956.00</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% at December 31, 2020 to 2.25% at December 31, 2021.

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

	1.00% Decrease <u>(1.25%)</u>	Current Discount Rate <u>(2.25%)</u>	1.00% Increase <u>(3.25%)</u>
Total OPEB Liability	<u>\$ 1,453,011.00</u>	<u>\$ 1,325,956.00</u>	<u>\$ 1,198,899.00</u>

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

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	<u>\$ 1,150,221.00</u>	<u>\$ 1,325,956.00</u>	<u>\$ 1,536,795.00</u>

Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Township of Delran Postemployment Health Benefit Plan (Cont'd)**

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2021, the Township recognized OPEB expense of \$79,726.00. As of December 31, 2021, the Township 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 or Other Inputs	\$ 165,619.00	\$ 36,124.00
Difference between expected and actual experience	<u>13,749.00</u>	<u>69,561.00</u>
	<u>\$ 179,368.00</u>	<u>\$ 105,685.00</u>

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

<u>Year Ending December 31,</u>	
2022	\$ 11,891.00
2023	11,891.00
2024	11,891.00
2025	11,891.00
2026	11,891.00
Thereafter	<u>14,228.00</u>
	<u>\$ 73,683.00</u>

Note 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Township of Delran Postemployment Health Benefit Plan (Cont'd)****Supplementary OPEB Information**

In accordance with GASB 75, the following information is also presented for the Township Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios (Last Four Years)

	Plan Measurement Date December 31,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 41,704.00	\$ 34,155.00	\$ 32,472.00	\$ 29,737.00
Interest Cost	26,131.00	38,717.00	43,233.00	41,895.00
Benefit Payments	(61,079.00)	(71,580.00)	(61,989.00)	(53,634.00)
Actuarial Assumption Changes	(40,639.00)	165,200.00	53,046.00	
Differences Between Expected and Actual Experience	<u>(24,630.00)</u>	<u>(5,466.00)</u>	<u>(62,022.00)</u>	<u>22,913.00</u>
Net Change in Total OPEB Liability	(58,513.00)	161,026.00	4,740.00	40,911.00
Total OPEB Liability - January 1,	<u>1,384,469.00</u>	<u>1,223,443.00</u>	<u>1,218,703.00</u>	<u>1,177,792.00</u>
Total OPEB Liability - December 31,	<u>\$ 1,325,956.00</u>	<u>\$ 1,384,469.00</u>	<u>\$ 1,223,443.00</u>	<u>\$ 1,218,703.00</u>
Covered-Employee Payroll	\$ 6,701,742.00	\$ 6,564,462.00	\$ 6,798,062.00	\$ 6,588,724.00
Total OPEB Liability as a Percentage of Covered-Employee Payroll	19.79%	21.09%	18.00%	18.50%

Other Notes to Supplementary OPEB Information**Changes in Benefit Terms - None**

Changes in Assumptions – The discount rate used as of the December 31 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.25%	2019	3.26%
2020	1.93%	2018	3.64%

Note 11: COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days and comp time earned during the year are also allowed to be carried forward to the subsequent year.

The Township compensates employees for unused sick leave, vacation and comp time upon termination or retirement. The current policy provides one compensated day for every two days accumulated for sick leave and full pay for vacation and comp time. There are various maximums for sick time, dependent on the applicable union or contract, but there is no cap for vacation or comp time.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2021, the balance of the fund was \$365,569.29. It is estimated that, at December 31, 2021, accrued benefits for compensated absences are valued at \$801,376.39.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

The Township 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 Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 13: CAPITAL DEBT

General Obligation Bonds

County Guaranteed Pooled Loan Revenue Refunding Bonds, Series 2017A - Open Space - On March 28, 2017, the Township issued \$1,063,000.00 in county guaranteed pooled loan refunding bonds, with interest rates of 4.00% through the Burlington County Bridge Commission in their capacity as County Improvement Authority. The bonds were issued to refund the General Obligation Bonds - Open Space, Series 2009 bonds. The final maturity of the bonds is July 15, 2029.

General Obligation Bonds, Series 2019 - On October 17, 2019, the Township issued \$11,742,000.00 in general obligation bonds, with interest rates ranging from 1.50% to 2.00%. The bonds were issued to permanently finance the costs of various capital improvements and acquisition of various capital equipment. The final maturity of the bonds is October 15, 2029.

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

Year	<u>Bonded Debt</u>				
	<u>General</u>		<u>Open Space</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 1,242,000.00	\$ 164,840.00	\$ 97,000.00	\$ 34,840.00	\$ 1,538,680.00
2023	1,000,000.00	140,000.00	101,000.00	30,960.00	1,271,960.00
2024	1,000,000.00	120,000.00	98,000.00	26,920.00	1,244,920.00
2025	1,000,000.00	100,000.00	105,000.00	23,000.00	1,228,000.00
2026	1,000,000.00	80,000.00	114,000.00	17,600.00	1,211,600.00
2027-2029	3,000,000.00	120,000.00	356,000.00	29,040.00	3,505,040.00
	<u>\$ 8,242,000.00</u>	<u>\$ 724,840.00</u>	<u>\$ 871,000.00</u>	<u>\$ 162,360.00</u>	<u>\$10,000,200.00</u>

New Jersey Infrastructure Bank Loans

Sewer Utility Debt - On May 21, 2014, the Township entered into a loan agreement with the New Jersey Infrastructure Bank to provide \$1,469,550.00, at no interest, from the fund loan, and \$480,000.00 at interest rates ranging from 3.00% to 5.00% from the trust loan. The proceeds were used to fund the renovations to the waste water treatment plant. Semiannual debt payments are due March 1st and September 1st through 2033 for trust payments and February 1st and August 1st for fund payments.

On November 12, 2020, the Township entered into an interim loan agreement with the New Jersey Infrastructure Bank to provide \$1,538,856.00, at no interest. The proceeds were used to fund the renovations to the Clay Street Pump Station. The interim loan matures November 12, 2022, at which point the project will be permanently financed.

Note 13: CAPITAL DEBT (CONT'D)**New Jersey Environmental Infrastructure Bank Loans (Cont'd)**

Sewer Utility Debt (Cont'd) - The following schedule represents the remaining debt service, through maturity, for the New Jersey Infrastructure Bank loans:

<u>Year</u>	<u>Sewer Utility</u>		
	<u>Principal</u>	<u>NJIB Loans</u> <u>Interest</u>	<u>Total</u>
2022*	\$ 1,638,578.87	\$ 11,981.26	\$ 1,650,560.13
2023	99,722.87	10,731.26	110,454.13
2024	99,722.87	9,481.26	109,204.13
2025	99,722.87	8,231.26	107,954.13
2026	99,722.87	7,481.26	107,204.13
2027-2031	523,614.35	24,656.30	548,270.65
2032-2033	97,461.96	3,368.76	100,830.72
	<u>\$ 2,658,546.66</u>	<u>\$ 75,931.36</u>	<u>\$ 2,734,478.02</u>

*In 2022, the interim loan of \$1,538,856.00 will be permanently financed.

Summary of Debt

The following schedule represents the Township'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 and Notes	\$ 13,215,947.00	\$ 10,707,000.00	\$ 12,799,000.00
Sewer Utility:			
Loans and Notes	2,658,546.66	2,753,269.53	1,309,136.40
Total Issued	<u>15,874,493.66</u>	<u>13,460,269.53</u>	<u>14,108,136.40</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	879,374.83	5,156,015.23	2,993,067.83
Sewer Utility:			
Bonds and Notes	1,597,446.00	1,928,590.00	5,451,446.00
Total Authorized but Not Issued	<u>2,476,820.83</u>	<u>7,084,605.23</u>	<u>8,444,513.83</u>
Total Issued and Authorized but Not Issued	<u>18,351,314.49</u>	<u>20,544,874.76</u>	<u>22,552,650.23</u>
Deductions:			
Funds Temporarily Held To Pay Notes	873,031.72	246,875.97	232,575.97
Self-liquidating Debt	4,255,992.66	4,681,859.53	6,760,582.40
Total Deductions	<u>5,129,024.38</u>	<u>4,928,735.50</u>	<u>6,993,158.37</u>
Net Debt	<u>\$ 13,222,290.11</u>	<u>\$ 15,616,139.26</u>	<u>\$ 15,559,491.86</u>

Note 13: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.795%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 17,155,000.00	\$ 17,155,000.00	
Sewer Utility	4,255,992.66	4,255,992.66	
General	14,095,321.83	873,031.72	\$ 13,222,290.11
	<u>\$ 35,506,314.49</u>	<u>\$ 22,284,024.38</u>	<u>\$ 13,222,290.11</u>

Net Debt \$13,222,290.11 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,663,221,865.33 equals 0.795%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 58,212,765.29
Net Debt	<u>13,222,290.11</u>
Remaining Borrowing Power	<u>\$ 44,990,475.18</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest, and Other Investment Income, and Other Charges for Year	\$ 5,667,999.42
Deductions:	
Operating and Maintenance Cost	\$ 2,654,493.00
Debt Service per Sewer Fund	<u>107,370.80</u>
Total Deductions	<u>2,761,863.80</u>
Excess in Revenue	<u>\$ 2,906,135.62</u>

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

Note 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the current fund:

<u>Description</u>	<u>Balance</u> <u>December 31, 2021</u>	<u>2022</u> <u>Budget</u> <u>Appropriation</u>
Special Emergency Authorization	\$ 18,000.00	\$ 6,000.00

The appropriations in the 2022 Budget as adopted are not less than that required by the statutes.

Note 15: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earnings</u>	<u>Claims</u> <u>Paid</u>	<u>Ending</u> <u>Balance</u>
2021	\$ 3,000.00	\$ 9,148.24	\$ 8.72	\$ 2,098.85	\$ 66,680.53
2020	3,000.00	8,729.41		11,546.00	56,622.42
2019	3,000.00	8,841.48	30.11	22,016.85	56,439.01

At December 31, 2021, outstanding claims were \$2,098.85.

Joint Insurance Pool - The Township of Delran is a member of the Burlington 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

Note 15: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - (Cont'd) - 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 Township with the following coverage:

Property - Blanket Building and Grounds
Boiler and Machinery
General and Automobile Liability
Burglary and Theft
Fire Insurance

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township'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 \$500,000 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2021, which can be obtained from:

Burlington County Municipal Joint Insurance Fund
Five Greentree Centre/525 Lincoln Drive West
P.O. Box 489
Marlton, NJ 08053

Note 16: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 2, 2004, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Delran Trust Fund - Open Space effective January 1, 2005, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the referendum, the Township levies a tax not to exceed \$325,000.00 for 20 years, expiring December 31, 2024. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purpose stated. Interest earned on the investment of these funds is credited to the Township of Delran Trust Fund - Open Space.

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 Township expects such amount, if any, to be immaterial.

Litigation - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. The Township settled one matter of litigation for \$300,000.00. This amount was budgeted for and paid in 2021.

Note 18: CONCENTRATIONS

The Township 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 Township 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

Tax Appeals - As of December 31, 2021, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds could be material. In the event payment is required to settle these appeals, the Township has reserved \$208,953.75.

COVID-19 - As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Township. While the impact that COVID-19 will have is expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

The Federal American Rescue Plan Act of 2021 (the Act), was signed into law on March 11, 2021, was enacted to provide funding for COVID-19 pandemic response and recovery. Among the key elements of the Act is the Coronavirus Local Fiscal Recovery Fund (LFRF). All municipalities and counties will receive LFRF funds in two tranches, with the federal government releasing the second tranche next year. Municipalities and counties with populations greater than 50,000 will receive funds directly from the Federal government. Those municipalities and counties with populations less than 50,000 will receive their funds through their respective State. Since the Township of Delran's population is less than 50,000, LFRF funds will be passed through the State of New Jersey.

The Township has been allocated \$1,726,193.80 in LFRF funding with half of it to be received in the year ending December 31, 2021 and the other half will be received before December 31, 2022.

The United States Department of Treasury (U.S. Treasury) has issued an Interim Final Rule regulating county and municipal use of LFRF funds. Permitted use of LFRF funds for municipalities and counties may be for the one or more of the following purposes:

- Replacing lost public sector revenue
- Investing in water, sewer, and broadband infrastructure
- Providing premium pay for essential workers
- Supporting public health expenditures
- Addressing COVID-19 related negative economic impacts
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households

For expenditures outside of revenue replacement to be LFRF-eligible under the U.S. Treasury Interim Final Rule, costs must be incurred on or after March 3, 2021 but must be obligated no later than December 31, 2024. The "period of performance" will run until December 31, 2026 to allow recipients a reasonable amount of time to complete LFRF-funded projects.

Note 19: SUBSEQUENT EVENTS (CONT'D)

Authorization of Debt - Subsequent to December 31, the Township adopted and introduced an ordinance to authorize additional bonds and notes as follows:

<u>Purpose</u>	<u>Introduced / Adopted</u>	<u>Amount</u>
General Capital Fund:		
Bonds and Notes:		
Development and Construction of Bikeway	May 10, 2022	\$ 1,407,000.00
Various Capital Improvements and Acquisition of Capital Equipment	May 10, 2022	\$ 1,190,350.00
Various Roadway Improvements	May 10, 2022	\$ 1,455,000.00
Various Roadway Improvements as Part of the Safe Streets to Transit Program	May 10, 2022	\$ 665,000.00
Utility Capital Fund:		
Bonds and Notes:		
Completion of Water Tank Improvements	June 14, 2022	\$ 4,650,000.00
Completion of Sewer Line Rehabilitation And Improvements	June 14, 2022	\$ 2,100,000.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



August __, 2023

Mayor and Township Council
of the Township of Delran
900 Chester Avenue
Delran, New Jersey

RE: \$5,840,000 TOWNSHIP OF DELRAN, COUNTY OF BURLINGTON, NEW JERSEY, BOND ANTICIPATION NOTES OF 2023, SERIES A

Mayor and Township Council Members:

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2018-13, 2019-04, 2020-04, 2020-09, 2020-11, 2021-03, 2021-06, 2021-11, 2022-04, 2022-05, 2022-06, 2022-07, and 2023-09, each duly and finally adopted by the Township Council (collectively, the "Bond Ordinances"), 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 Township on August 17, 2023 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are dated August 31, 2023 and mature on August 29, 2024. The Notes are issued in [registered book-entry only] [bearer] form without coupons and are not subject to redemption prior to maturity.

As the basis for the opinions 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 Township given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes.

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



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

1. The Notes are legal, valid and binding obligations of the Township 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 Township 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 Township 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 Township 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 Township 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 Township has designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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 Township 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: Township of Delran, County of Burlington, New Jersey ("Issuer")

ISSUE: \$5,840,000 Bond Anticipation Notes of 2023, Series A
(Non-Callable) ("Notes")

DATED: August 31, 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 31st day of August, 2023.

ISSUER:

**TOWNSHIP OF DELRAN, COUNTY OF
BURLINGTON, NEW JERSEY**

By: _____
KAREEMAH PRESS,
Chief Financial Officer