

NEW ISSUE

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds (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 Bonds and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$8,997,000*
BOROUGH OF CLEMENTON
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2023
Consisting of:
\$3,969,000* General Improvement Bonds
\$4,239,000* Water Utility Bonds
\$789,000* Sewer Utility Bonds
(Book-Entry-Only) (Callable)

Dated: Date of Delivery

Due: March 1, as shown on the inside front cover

The Borough of Clementon, County of Camden, New Jersey ("Borough"), is issuing \$8,997,000* aggregate principal amount of its General Obligation Bonds, Series 2023 ("Bonds"). The Bonds consist of: (i) \$3,969,000* aggregate principal amount of General Improvement Bonds; (ii) \$4,239,000* aggregate principal amount of Water Utility Bonds; and (iii) \$789,000* aggregate principal amount of Sewer Utility Bonds. The Bonds shall be issued in fully registered book-entry-only form without coupons.

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

The principal of the Bonds shall be paid on the maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Borough, or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on March 1 and September 1, commencing March 1, 2024, in each year until maturity or earlier redemption. The Bonds are subject to optional redemption prior to their stated maturity dates on the terms and conditions contained herein.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2015-04, 2017-15, 2020-11, 2020-12, 2020-13, 2021-05, 2021-06, 2021-07, 2022-13, 2022-14, 2022-15, 2023-09, 2023-10, and 2023-11, each duly and finally adopted by Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on August 15, 2023; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on September __, 2023.

The Bonds are being issued by the Borough to provide funds, along with other available monies, which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of bond anticipation notes of the Borough, dated September 29, 2022 and maturing on September 28, 2023; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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

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 Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, George J. Botcheos, Esquire, Voorhees, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor in connection with the Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in New York, New York on or about September 27, 2023.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON SEPTEMBER 13, 2023. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY VIEW THE RESPECTIVE NOTICES OF SALE POSTED AT WW.GOVDEBT.NET.

* Preliminary, subject to change.

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

\$8,997,000*
BOROUGH OF CLEMENTON,
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2023
Consisting of:
\$3,969,000* General Improvement Bonds
\$4,239,000* Water Utility Bonds
\$789,000* Sewer Utility Bonds

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP
NUMBERS****

<u>Year (March 1)</u>	<u>General Improvement*</u>	<u>Water Utility*</u>	<u>Sewer Utility*</u>	<u>Total*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2024	\$239,000	\$214,000	\$39,000	\$492,000	%	%	
2025	240,000	215,000	45,000	500,000			
2026	390,000	225,000	45,000	660,000			
2027	400,000	235,000	45,000	680,000			
2028	415,000	325,000	60,000	800,000			
2029	430,000	335,000	60,000	825,000			
2030	445,000	345,000	65,000	855,000			
2031	460,000	360,000	65,000	885,000			
2032	475,000	370,000	70,000	915,000			
2033	475,000	385,000	70,000	930,000			
2034	0	395,000	75,000	470,000			
2035	0	410,000	75,000	485,000			
2036	0	425,000	75,000	500,000			

* Preliminary, subject to change.

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds 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 certain maturities of the Bonds.

**BOROUGH OF CLEMENTON
101 GIBBSBORO ROAD
CLEMENTON, NEW JERSEY 08021**

Borough Council

Thomas Weaver, Mayor
Gwen Cantwell
Brenda Franks
Thomas Shaw
Holly Strobl
Robert Dorsey
Christopher McKelvey

Chief Financial Officer

Debra DiMattia

Municipal Clerk/Administrator

Jenai Johnson

Borough Solicitor

George J. Botcheos, Esquire
Voorhees, New Jersey

Borough Auditor

Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Acacia Financial Group, Inc.
Mount Laurel, New Jersey

The information which is set forth herein has been provided by the Borough of Clementon, County of Camden, New Jersey (“Borough”), The Depository Trust Company and by other sources which are believed to be reliable by the Borough, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Borough. Certain general and financial information concerning the Borough is contained in Appendices “A” and “B” to this Official Statement. Such information has been furnished by the Borough.

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriters or, as to information from sources other than itself, by the Borough. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

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

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

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

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT

Relating to the

\$8,997,000*

BOROUGH OF CLEMENTON

COUNTY OF CAMDEN, NEW JERSEY

GENERAL OBLIGATION BONDS, SERIES 2023

Consisting of:

\$3,969,000* General Improvement Bonds

\$4,239,000* Water Utility Bonds

\$789,000* Sewer Utility Bonds

(Book-Entry-Only) (Callable)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Clementon in the County of Camden, New Jersey ("Borough"), in connection with the issuance and sale of \$8,997,000* aggregate principal amount of its General Obligation Bonds, Series 2023 (the "Bonds"). The Bonds consist of: (i) \$3,969,000* aggregate principal amount of General Improvement Bonds; (ii) \$4,239,000* aggregate principal amount of Water Utility Bonds; and (iii) \$789,000* aggregate principal amount of Sewer Utility Bonds. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey ("State"), as amended and supplemented ("Local Bond Law"); (i) various bond ordinances duly and finally adopted by the Borough Council; and (ii) Bond ordinances 2015-04, 2017-15, 2020-11, 2020-12, 2020-13, 2021-05, 2021-06, 2021-07, 2022-13, 2022-14, 2022-15, 2023-09, 2023-10, and 2023-11 (collectively, the "Bond Ordinances"), each duly and finally adopted by Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on August 15, 2023; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on September __, 2023.

The Bonds are being issued by the Borough to provide funds, along with other available monies of the Borough, which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of bond anticipation notes of the Borough, dated September 29, 2022 and maturing on September 28, 2023; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

* Preliminary, subject to change

General Improvement Bonds

Ordinance Number	Purpose	Bonds/Notes Authorized	Notes Outstanding	Available Funds	Bonds to be Issued
2017-15	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	\$437,950	\$437,950	\$32,250	\$405,700
2020-11	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	889,010	889,010	0	889,010
2021-06	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	797,525	797,525	0	797,525
2022-13	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	1,143,325	0	0	1,143,325
2023-09	Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	733,875	0	0	733,440
TOTAL		\$4,001,685	\$2,124,485	\$32,250	\$3,969,000

Water Utility Bonds

Ordinance Number	Purpose	Bonds/Notes Authorized	Notes Outstanding	Available Funds	Bonds to be Issued
2015-04	Various Water Utility Improvements	\$1,580,000	\$1,580,000	\$20,000	\$1,560,000
2020-13	Completion of Various Improvements and the Acquisition of Various Equipment for the Water Utility	1,282,500	1,282,500	0	1,282,500
2021-05	Completion of Various Improvements and the Acquisition of Various Equipment for the Water Utility	536,750	536,750	0	536,750
2022-15	Completion of Various Improvements and the Acquisition of Various Equipment for the Water Utility	342,000	0	0	342,000
2023-10	Completion of Various Improvements and the Acquisition of Various Equipment for the Water Utility	517,750	0	0	517,750
TOTAL		\$4,259,000	\$3,399,250	\$20,000	\$4,239,000

Sewer Utility Bonds

Ordinance Number	Purpose	Bonds/Notes Authorized	Notes Outstanding	Bonds to be Issued
2020-12	Completion of Various Sewer Utility Improvements	\$115,000	\$115,000	\$115,000
2021-07	Completion of Various Sewer Utility Improvements and the Acquisition of Equipment	169,100	169,100	169,100
2022-14	Completion of Various Sewer Utility Improvements and the Acquisition of Equipment	268,375	0	268,375
2023-11	Completion of Various Sewer Utility Improvements and the Acquisition of Equipment	237,500	0	236,525
TOTAL		\$789,975	\$284,100	\$789,000

Total

	Bonds/Notes Authorized	Notes Outstanding	Bonds to be Issued
TOTAL	\$9,050,660	\$5,807,835	\$8,997,000

THE BONDS

General

The Bonds will be issued in the aggregate principal amounts as shown on the inside front cover page hereof. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on March 1 and September 1 (each an “Interest Payment Date”), commencing March 1, 2024, in each year until maturity or earlier redemption thereof. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, integral multiples thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See “BOOK-ENTRY-ONLY SYSTEM” below. The Bonds will mature on March 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Borough, or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Borough, or

its hereafter designated paying agent, if any, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date (each a “Record Date”).

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

Optional Redemption

The Bonds maturing on and after March 1, 2032 are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after March 1, 2031, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

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

BOOK-ENTRY-ONLY SYSTEM

General

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

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough, or its hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

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

Discontinuation of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough, or its hereafter designated paying agent, if any; (ii) the

transfer of the Bonds may be registered on the books maintained by the Borough, or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Borough, or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough, or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the Borough, or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY AND SOURCE OF PAYMENT

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

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

GENERAL INFORMATION REGARDING THE BOROUGH

General

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

Financial

Appendix "B" to this Official Statement contains compiled financial statements of the Borough for the year ended December 31, 2022 and also contains audited financial statements of the Borough for the years ended December 31, 2021, 2020, 2019 and 2018. The financial data was extracted from the report prepared by Bowman & Company LLP, Voorhees, New Jersey (the "Auditor") to the extent and for the period set forth in their report appearing in Appendix "B". 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 Borough.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

General – The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits – The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Borough, including the issuance of the Bonds, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits - Extensions of Credit – The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the Borough may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

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

Each municipality is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director (“Director”) of the Division of Local Government Services (“Division”) in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Borough’s books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvement of the municipality’s financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2021 is on file with the 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, unless otherwise extended by the Director.

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 their approval thereof.

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

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

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

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the “Cap Law” (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

In response to the outbreak of the Coronavirus (as defined and described under the heading “CERTAIN RISK FACTORS – Recent Healthcare Developments” below), the State Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from Coronavirus with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. Such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers deficits and expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year’s budget is an eligible exception to both the levy cap and the appropriations cap. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year

experienced reductions due to Coronavirus. The Borough has made no appropriations for Coronavirus related deficits or expenses under this statutory provision.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes, including the Bonds.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the 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:

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

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.

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

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

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE BOROUGH EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE 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 90.67%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Borough was in 2010, effective for the 2011 tax year. A tax reassessment was authorized on February 23, 2017.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Attorney (as hereinafter defined) 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.

SECONDARY MARKET DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Borough has undertaken to provide certain secondary market disclosure information, pursuant to Continuing Disclosure Agreement, in the form attached as Appendix “D” to this Official Statement.

The Borough has previously entered into continuing disclosure undertakings under the Rule in respect of its own obligations. The Borough has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

LITIGATION

To the knowledge of the Borough Solicitor for the Borough, George J. Botcheos, Esquire, Voorhees, New Jersey (the “Borough Solicitor”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Solicitor, no litigation is presently pending or threatened that, in the opinion of the Borough Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the Borough Solicitor and delivered to the Underwriters of the Bonds at the closing.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (“Code”), and 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 Bonds 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 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has relied on the Borough’s covenants contained in the bond ordinances, and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. 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 Bonds that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, 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 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by 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 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by Banks, Thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. The Borough **has** designated the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(1) of the Code.

Owners of the Bonds 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 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the State Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

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

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

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "A+" to the Bonds based upon the creditworthiness of the Borough.

An explanation of the significance of such ratings may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by the Rating Agency may have an adverse effect on the market price of the Bonds.

NO DEFAULT

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

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

The federal Public Health Emergency was terminated on May 11, 2023, but the State of Emergency for the State remains in effect as of the date hereof. Other Executive Orders (some of which have since been modified or rescinded) limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. These measures, which impacted the behavior of businesses and individuals, have had 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 Borough received \$518,842.03 in funding ("Plan Funds"). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough prior to the emergency; and (iv) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

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

Cyber Security

The Borough relies on a complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. These cybersecurity safeguards include, but are not limited to, a Next Generation Firewall (NGFW) with anti-virus protection, Intrusion Detection, and Intrusion Prevention Systems (IDS/IPS), website content filtering, SSL traffic inspection and GEO IP filters. Additional safeguards include internal network segmentation, artificial intelligence and definition based anti-virus software, email spam filtering and multi-factor authentication (MFA). In addition, the Borough maintains certain insurance coverage for cyberattacks and related events.

Climate Change

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 Borough 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 Borough.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter (the "Underwriter"), pursuant to a Certificate of Determination and Award, dated September __, 2023. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in

connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

MUNICIPAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Bonds substantially in the form set forth in Appendix “C” hereto. Certain legal matters will be passed on for the Borough by the Borough 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 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

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

PREPARATION OF OFFICIAL STATEMENT

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

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

The Borough 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.

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 only takes responsibility for the financial statements, appearing in Appendix "B" hereto and 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 and, accordingly, will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Debra DiMattia, Chief Financial Officer, Borough of Clementon, 101 Gibbsboro Road, Clementon, New Jersey 08021, (856) 783-0284 or to Joshua Nyikita, Director, Acacia Financial Group, Inc., 6000 Midlantic Drive, Suite 410 North, Mount Laurel, New Jersey 08054, (856) 234-2266.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers of holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. 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 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

By: _____
Debra DiMattia, Chief Financial Officer

Dated: September __, 2023

APPENDIX A

**GENERAL INFORMATION REGARDING THE
BOROUGH OF CLEMENTON**

GENERAL INFORMATION ON THE BOROUGH

History

The Borough of Clementon is located in the central portion of Camden County, New Jersey, approximately 19 miles southeast of the City of Philadelphia, Pennsylvania, with a land area of 1.89 miles.

The Borough of Clementon was incorporated in 1925 by virtue of an act of the Legislature of the State of New Jersey.

The Borough is primarily a residential suburban area within the Delaware Valley economic region, a tri-state region composed of eleven counties in the states of New Jersey, Pennsylvania and Delaware.

The Borough falls within the Philadelphia, PA-NJ Metropolitan Statistical Area ("MSA"), a region which includes Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Pennsylvania and Burlington, Camden and Gloucester Counties in New Jersey.

Local Government

The Borough is governed by a Mayor and a six-member Borough Council. The Mayor is elected for a four-year term and serves as the part-time, chief executive officer of the Borough. The functions of the Mayor are, among others, to see that the laws of the State and the ordinances of the Borough are executed and to recommend to the Council such measures as he deems necessary and expedient for the welfare of the Borough. Members of the Council, elected for three-year terms on a staggered basis, oversee the Borough's operations. The functions of the Council are, among others, to adopt the municipal budget and to enact ordinances to promote and secure the health, government and protection of the Borough and its residents.

The Borough Clerk/Administrator assists with administering the affairs of the Borough. The Borough Tax Assessor has the duty of assessing property for the purpose of general taxation.

Police Protection, Fire Protection, and Emergency Medical Services

The Borough's Police Department operates from within the Borough Hall on 101 Gibbsboro Rd. The Police Department consists of the Police Chief, one Lieutenant, two Sergeants, eleven Patrolmen, and one SLEO (Class 1).

Additional services are fire protection, manned by 30 volunteer firemen operating 6 pieces of equipment in one fire company, and contract ambulatory services through mutual aid with the Pine Hill Fire District.

Public Works

Ten employees in the Public Works Department maintain Borough streets and roads, storm drains, snow removal, parks, playgrounds and public areas, building and zoning protection and any emergency service affecting the community.

Trash collection services (including recyclable materials such as glass, aluminum cans, newspapers and plastic) for residents and apartment complexes in the Borough are provided by a private concern, Interstate Waste Services. The private concern transports the trash to the Camden Incinerator where it is disposed of at a cost of \$86.93 per ton. The Borough currently has a five-year contract with Interstate Waste Services which expires December 31, 2025, and is paid by the Borough at a rate of approximately \$353,320 annually. In 2022, the Borough disposed of approximately 1,700 tons. Commercial properties are responsible for their own trash collection.

Water Utility

The residents of the Borough are furnished with water service by the Borough owned Water Utility. The Borough currently operates three wells which provides an average output of approximately 630,000 gallons per day during the months of June, July and August and 506,000 gallons per day during the remaining nine months.

Residents pay a \$56.50 quarterly service charge for which each residence is permitted a consumption of 15,000 gallons. Excess-use charges are levied biannually for consumption beyond 15,000 gallons. A \$1,400.00 connection fee is charged for connecting to the water system.

Sewer Utility

Sanitary sewer service is provided to Borough residents by the Borough owned Sewer Utility. The present sanitary sewer system consists of collection lines and pumping stations.

Property owners in the Borough currently pay a quarterly charge of \$55.00 for sewer service. New homes connecting to the Borough sanitary sewer system also pay a \$1,500.00 connection fee.

Parks and Recreation

The Borough has an amusement park, Clementon Lake Park, located within its boundaries. Clementon Amusement Park was opened in 1907. In addition to the many attractions, from the traditional to the hi-tech, it includes a kiddie land, petting zoo, shows and the water park, Splash World.

Borough Employees

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Full Time	30	30	30	30	30
Part Time	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>
Total	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>

Employee Collective Bargaining Units

The Borough currently has two employee collective bargaining units. The following is a schedule of the employee bargaining units, number of employees represented and dates of contract expiration:

<u>Bargaining Unit</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
FOP, NJ Labor Council (Police)	15	December 31, 2024
Teamsters AFSCME	6	December 31, 2024

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 are earned at a rate of one day per month for all employees in the first year of employment. For subsequent years, vacation days are earned in accordance with the guidelines outlined in the various borough employment contracts. Vacation days not used during the year may only be accumulated to the following year.

Upon termination of employment, employees in good standing shall be entitled to receive pay for the amount of accrued sick leave ranging from 10 - 50% of such unused and accumulated sick leave. The amount of accrued sick leave benefits payable in future years are calculated in accordance with the formulas outlined in Borough agreements. Benefits paid in future years are charged to future budgets.

Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: Financial Statements of the Borough, Note 9 to Financial Statements.

Borough Population(1)

2020 Federal Census	5,338
2010 Federal Census	5,000
2000 Federal Census	4,986
1990 Federal Census	5,601
1980 Federal Census	5,764

Selected Census 2021 Data for the Borough(1)

Median household income	\$57,895
Per capita income	\$31,731

Labor Force(2)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Borough					
Labor Force	2,880	2,850	2,841	2,825	2,765
Employment	2,754	2,630	2,539	2,691	2,621
Unemployment	126	220	302	134	144
Unemployment Rate	4.4%	7.7%	10.6%	4.7%	5.2%
County					
Labor Force	270,737	266,980	265,237	263,859	259,331
Employment	259,883	248,194	239,598	253,460	247,693
Unemployment	10,854	18,786	25,639	10,399	11,638
Unemployment Rate	4.0%	7.0%	9.7%	3.9%	4.5%

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

(2) Source: New Jersey Department of Labor

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State					
Labor Force	4,739,800	4,666,100	4,650,300	4,686,300	4,604,800
Employment	4,564,100	4,357,200	4,212,400	4,524,300	4,420,700
Unemployment	175,700	308,900	437,900	162,000	184,100
Unemployment Rate	3.7%	6.6%	9.4%	3.5%	4.0%

Industry and Employment

While, there is no industrial activity in the Borough, there are numerous retail stores. Business is supplemented by the influx of visitors attracted to the Clementon Amusement Park.

The Borough's residents are primarily employed in the surrounding communities of the County.

MAJOR PRIVATE SECTOR EMPLOYERS IN THE COUNTY (1)

<u>Name</u>	<u>Approximate Full-Time Positions Within the County</u>
Cooper University Health System	7,000
Virtua Health System	2,500
Campbell Soup Company	2,300
American Water	2,000
Virtua/Our Lady of Lourdes Health System	2,000
TD Bank	1,300
Jefferson Health System	1,256
Aluminum Shapes	1,000
Lockhead Martin	800

Building, Zoning and Development

Land use in the Borough is essentially residential in nature. Minimum land requirements for residential development vary but range from 7,500 square feet to 43,580 square feet for single-family detached units. There are also zones designated for townhouses and flats at higher densities. Commercial zoning minimum land requirements vary.

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

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

(1) Source: Camden County

Leewood Villages at Rowand Pond is a 187 unit residential subdivision on 30.05 acres of land and located on the southerly side of the White Horse Pike (US Route 30) between Higgins Avenue and Mackey Lane and being part of a redevelopment plan in 2013. The development is currently at various stages of construction.

Phase I of the development consists of 49 residential units and was granted Preliminary Site Plan and Major Subdivision approval at a meeting of the Board on November 14, 2013 and Final Site Plan and Major Subdivision approval at a meeting of the Joint Land Use Board on November 13, 2014.

Phase 2 of the development consists of 42 residential units and was granted Preliminary and Final Site Plan and Major Subdivision approval at a meeting of the Joint Land Use Board on May 20, 2020.

Phases 3 of the developments consists of 42 residential units and Phase 4 of the development consists of 54 residential units. Phases 3 and 4 received Preliminary and Final Major Subdivision approval at a meeting of the Joint Land Use Board on May 12, 2022.

The development also contains two (2) vacant commercial lots with frontage along White Horse Pike. Lot 25.01 is a 4.34 acre lot at the easterly intersection of Reed Avenue and White Horse Pike and Lot 25.67 is a 2.79 acre lot at the westerly intersection of Reed Avenue and White Horse Pike.

The development also contains a numerous open space and stormwater management lots as well as a number of additional satellite parking areas.

Building Permits(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2023(2)	103	\$29,990
2022	273	133,595
2021	237	69,463
2020	174	58,261
2019	187	38,315
2018	211	33,280

EDUCATION(3)

The Clementon Board of Education (“Board”), a Type II school district, operates under the provisions of Title 18A, Education, of the New Jersey Statutes and functions independently through a nine-member Board, three of the members of which are elected annually to serve staggered three-year terms. Constructed in 1980, there is currently one school, grades pre-kindergarten through eighth with a functional capacity of 625. Special education programs are available for the physically and mentally handicapped in self-contained classrooms. In February 1999 in anticipation of the Lower Camden County Regional Dissolution, the Board issued bonds in the aggregate amount of \$1,995,000, to finance the costs of the construction of an addition to the Clementon Elementary School to house grades 7 and 8. Students in grades 9 through 12 attend Overbrook Senior High School.

(1) Source: Borough construction officials

(2) As of July 15, 2023

(3) Source: Local School District officials

**BOROUGH OF CLEMENTON SCHOOL DISTRICT
SCHOOL ENROLLMENTS(1)**

<u>Grade</u>	<u>2022</u>	<u>2021</u>	<u>October 15, 2020</u>	<u>2019</u>	<u>2018</u>
PreK	48	40	17	27	22
K	58	48	56	50	41
1	58	58	50	46	52
2	50	50	45	53	54
3	54	54	54	45	43
4	58	58	41	52	34
5	41	41	54	37	47
6	52	52	38	43	53
7	37	37	49	50	29
8	49	49	49	29	39
Spec. Ed.	<u>73</u>	66	81	65	67
Total	<u>578</u>	<u>553</u>	<u>534</u>	<u>497</u>	<u>481</u>

School Facilities, Enrollment and Capacity(1)

The School District currently consists of one school including grades K to 8. Below is a schedule of school facilities with current enrollments.

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/22</u>	<u>Functional Capacity</u>
Clementon Elementary School	1980	1999	K-8	<u>569</u>	<u>625</u>

Overbrook Senior High School District School Enrollments(2)(3)

	<u>2022</u>	<u>2021</u>	<u>October 15, 2020</u>	<u>2019</u>	<u>2018</u>
Totals	<u>233</u>	<u>214</u>	<u>188</u>	<u>191</u>	<u>184</u>

(1) Source: Local School District officials

(2) Source: School District officials

(3) Borough of Clementon students only

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2021-2022 school year, there were approximately 4,856 undergraduate students and 1,713 graduate students.

Camden County College

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

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

Camden County Technical Schools

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

For high school students, there are over 30 career programs from which to choose. For the 2020-2021 school year, 1,464 students are enrolled at the Gloucester Township Campus, and 784 at the Pennsauken Campus, including 260 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2023 <u>Assessed Valuation</u>
Silver Lake Manor LLC	Apartment Complex	\$7,277,800
Clementon Lake Holding LLC	Amusement Park	4,933,800
Chestnut Arm Realty LLC	Apartment Complex	4,261,200
168 White Horse Assets LLC	Shopping Center	3,593,100
Medici LLC	Shopping Center	3,264,600
First Northern Star	Shopping Center	2,100,600
YF Lincoln Holdings & Lincoln Ct Apts	Apartment Complex	1,889,800
Daniel G. Kamin White Horse Pike LLC	Drug Store	1,865,100
Clementon Equities LLC	Drug Store	1,860,500
Three B Self Storage Limited	Self Storage Facility	1,736,000

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collections</u>		<u>Balance Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (3)	\$11,121,774	\$10,644,584	95.71%	\$408,304	3.67%
2021	10,898,885	10,544,873	96.75%	269,895	2.48%
2020	10,746,584	10,010,237	93.15%	402,119	3.74%
2019	10,588,105	10,007,456	94.52%	402,119	3.80%
2018	10,685,690	10,092,853	94.45%	396,853	3.71%

DELINQUENT TAXES (2)

<u>Year</u>	<u>Balance</u>		<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2022 (3)	\$318,205	\$13,675	\$298,241	89.86%	\$102	\$5	\$33,531
2021	648,845	1,750	593,086	91.16%	5,450	3,749	48,309
2020	429,546	1,887	392,226	90.91%	2,514	-	36,693
2019	406,609	14,241	395,243	93.92%	1,847	\$777	22,983
2018	357,003	1,250	331,598	92.56%	16,641	258	9,756

(1) Source: Borough Tax Assessor

(2) Source: Borough Reports of Audit, unless otherwise noted

(3) Information from Annual Compiled Financial Statement

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sale & Transfers</u>	<u>Collections & Transfers</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
2022 (3)	\$499,160	\$61,929	\$18,233	-	\$542,856
2021	434,412	72,053	7,305	-	499,160
2020	404,123	67,590	37,302	-	434,412
2019	355,650	71,247	22,774	-	404,123
2018	276,320	98,871	19,529	\$12	355,650

FORECLOSED PROPERTY (1) (2)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Transfers from Liens</u>	<u>Cash Sales</u>	<u>Credits/ Adjustments</u>	<u>Balance Dec. 31</u>
2022 (3)	\$984,600	-	-	-	\$984,600
2021	984,600	-	-	-	984,600
2020	913,600	\$7,028	-	\$63,972	984,600
2019	913,600	-	-	-	913,600
2018	913,600	-	-	-	913,600

CURRENT WATER UTILITY COLLECTIONS (1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>		
		<u>Total Levy</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (3)	\$121,707	\$887,516	\$871,827	86.39%	\$132,650	13.14%
2021	270,622	781,921	929,553	88.31%	121,707	11.56%
2020	116,638	882,421	726,742	72.74%	270,622	27.09%
2019	86,887	781,741	746,563	85.95%	116,638	13.43%
2018	102,356	769,562	782,906	89.79%	86,888	9.97%

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

(2) 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.

(3) Information from Annual Compiled Financial Statement

CURRENT SEWER UTILITY COLLECTIONS (1)

<u>Year</u>	<u>Beginning</u>		<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
	<u>Balance</u>	<u>Total Levy</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (7)	\$48,088	\$552,597	\$549,838	91.54%	\$48,912	8.14%
2021	66,336	550,010	566,507	91.91%	48,088	7.80%
2020	54,964	548,601	534,560	88.57%	66,336	10.99%
2019	57,518	553,882	553,117	90.47%	54,964	8.99%
2018	66,495	547,646	554,369	90.27%	57,518	9.37%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (2)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (3)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>Municipal Open Space</u>
2023	\$257,039,811	\$4.432	\$0.887	\$1.752	\$1.773	\$0.020
2022	251,413,970	4.358	0.868	1.773	1.697	0.020
2021	249,918,390	4.352	0.871	1.784	1.677	0.020
2020	249,342,910	4.299	0.879	1.770	1.630	0.020
2019	249,209,160	4.243	0.881	1.737	1.605	0.020

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	\$257,039,730	81.37%	\$315,890,045	\$59,178 (5)
2022	251,413,970	90.67%	277,284,626	51,945 (5)
2021	249,918,390	97.23%	257,038,352	48,153 (5)
2020	249,342,910	96.99%	257,081,050	48,161 (5)
2019	249,209,160	98.68%	252,542,724	50,509 (6)

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

(2) Source: Borough Tax Collector

(3) Per \$100 of assessed valuation

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

(5) Based on Federal Census 2020 of 5,338

(6) Based on Federal Census 2010 of 5,000

(7) Information from Annual Compiled Financial Statement

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>Farmland</u>	<u>Apartment</u>
2023	\$257,039,730	\$4,333,600	\$199,952,030	\$36,724,900	\$164,900	\$15,864,300
2022	251,413,970	3,942,000	197,729,770	33,866,000	166,900	15,709,300
2021	249,918,390	4,183,500	196,121,490	33,737,200	166,900	15,709,300
2020	249,342,910	4,172,800	195,421,110	33,872,800	166,900	15,709,300
2019	249,209,160	4,119,300	195,228,760	33,984,900	166,900	15,709,300

(1) Source: Borough Tax Assessor

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

The following table summarizes the direct debt of the Borough as of December 31, 2022. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water Utility and Sewer Utility. Deductions from gross debt to arrive at net debt include debt considered to be self-liquidating and funds reserved for the payment of debt. The resulting net debt of \$4,792,864 represents 1.710% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	<u>Bonds/Loans</u>	<u>Notes</u>			<u>Self-liquidating Debt</u>	<u>Reserve for Payment of Debt</u>	
General	\$1,523,565	\$2,124,485	\$1,144,814	\$4,792,864			\$4,792,864
Water	243,000	3,399,250	343,699	3,985,949	\$3,985,949		
Sewer	427,000	284,100	269,359	980,459	980,459		
	<u>\$2,193,565</u>	<u>5,807,835</u>	<u>\$1,757,872</u>	<u>\$9,759,272</u>	<u>\$4,966,408</u>	\$ -	<u>\$4,792,864</u>

(1) As of December 31, 2022

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	\$280,352,623
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	1.71%
2022 Net Valuation Taxable	\$251,413,970
2022 Equalized Valuation of Real Property	\$277,284,626
Gross Debt (3):	
As a percentage of 2022 Net Valuation Taxable	3.88%
As a percentage of 2022 Equalized Valuations	3.52%
Net Debt (3):	
As a percentage of 2022 Net Valuation Taxable	1.91%
As a percentage of 2022 Equalized Valuations	1.73%
Gross Debt Per Capita (4)	\$1,828
Net Debt Per Capita (4)	\$898

BOROUGH BORROWING CAPACITY (1)(2)

3.5% of Averaged (2020-22) Equalized Valuation of Real Property including Improvements (\$280,352,623)	\$9,812,342
Net Debt	<u>4,792,864</u>
Remaining Borrowing Capacity	<u><u>\$5,019,478</u></u>

SCHOOL DISTRICT BORROWING CAPACITY (1)(2)

3% of Averaged (2020-22) Equalized Valuation of Real Property including Improvements (\$280,352,623)	\$8,410,579
Local School Debt	<u>-</u>
Remaining Borrowing Capacity	<u><u>\$8,410,579</u></u>

-
- (1) As of December 31, 2022
 - (2) Source: Borough Auditor
 - (3) Excluding overlapping debt
 - (4) Based on 2020 Federal Census of 5,338

BOROUGH OF CLEMENTON
OVERLAPPING DEBT AS OF DECEMBER 31, 2022

	DEBT ISSUED				
	<u>Debt</u>	<u>Deductions</u>	<u>Statutory</u>	<u>Net Debt</u>	<u>Debt Auth.</u>
	<u>Outstanding</u>	<u>Outstanding</u>	<u>Net</u>	<u>Outstanding</u>	<u>but not</u>
			<u>Debt</u>	<u>Allocated</u>	<u>Issued</u>
			<u>Outstanding</u>	<u>to the Issuer</u>	
County of Camden(1):					
General:					
Bonds	\$ 64,387,267	\$ 22,237,615	(2) \$ 42,149,652	\$ 269,758	(4) \$ 71,990,250
Notes	42,980,000		42,980,000	275,072	(4)
Loan Agreements	347,760,000		347,760,000	2,225,664	(4)
Bonds Issued by Other Public Bodies					
Guaranteed by the County	223,550,595	223,550,595	(3)		
	<u>\$ 678,677,862</u>	<u>\$ 245,788,210</u>	<u>\$ 432,889,652</u>	<u>\$ 2,770,494</u>	<u>\$ 71,990,250</u>

(1) Source: County of Camden

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2022 Net Valuation on which County taxes are apportioned, which is .64%.

Camden County Municipal Utilities Authority

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

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

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

The gross debt as of December 31, 2022 for the CCMUA was \$193,185,104 (unaudited). The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2022 was \$373,752,238.

**BOROUGH OF CLEMENTON
SCHEDULE OF DEBT SERVICE (1)
BONDED DEBT AND LONG-TERM LOANS**

	<u>General</u>			<u>Water Utility</u>			<u>Sewer Utility</u>			<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2023	\$ 576,859	\$ 46,375	\$ 623,234	\$ 46,000	\$ 6,485	\$ 52,485	\$ 79,000	\$ 11,428	\$ 90,428	\$ 766,146
2024	449,346	31,563	480,908	47,000	5,205	52,205	83,000	9,195	92,195	625,308
2025	497,361	18,094	515,454	50,000	3,750	53,750	85,000	6,675	91,675	660,879
2026				50,000	2,250	52,250	90,000	4,050	94,050	146,300
2027				50,000	750	50,750	90,000	1,350	91,350	142,100
	<u>\$ 1,523,565</u>	<u>\$ 96,031</u>	<u>\$ 1,619,596</u>	<u>\$ 243,000</u>	<u>\$ 18,440</u>	<u>\$ 261,440</u>	<u>\$ 427,000</u>	<u>\$ 32,698</u>	<u>\$ 459,698</u>	<u>\$ 2,340,734</u>

(1) As of December 31, 2022

**BOROUGH OF CLEMENTON
2023 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$1,250,000
Miscellaneous Revenues:	
Local Revenues	289,000
State Aid without Offsetting Appropriations	456,017
Dedicated Uniform Construction Code Fees Offset with Appropriations	75,000
Public and Private Programs Offset with Appropriations	501,503
Other Special Items of Revenue	25,000
Receipts from Delinquent Taxes	250,000
Amount to be Raised by Taxation for Municipal Purposes	<u>4,557,514</u>
 Total Anticipated Revenues	 <u><u>\$7,404,034</u></u>
 Appropriations:	
Within CAPS:	
Operations	\$5,152,530
Excluded from CAPS:	
Other Operations	204,577
Public and Private Programs	161,907
Capital Improvements	456,000
Debt Service	746,984
Deferred Charges	55,000
Reserve for Uncollected Taxes	<u>627,036</u>
 Total Appropriations	 <u><u>\$7,404,034</u></u>

WATER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$327,516
Rents	725,000
Miscellaneous	7,000
Water Capital Surplus Anticipated	<u>75,000</u>
 Total Anticipated Revenues	 <u><u>\$1,134,516</u></u>
 Appropriations:	
Operating	\$805,400
Capital Improvements	30,000
Debt Service	238,660
Pension, Social Security, Unemployment Compensation	<u>60,456</u>
 Total Appropriations	 <u><u>\$1,134,516</u></u>

SEWER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$220,456
Rents	510,000
Miscellaneous	<u>4,500</u>
 Total Anticipated Revenues	 <u><u>\$734,956</u></u>
 Appropriations:	
Operating	\$558,950
Capital Improvements	5,000
Debt Service	110,550
Pension, Social Security, Unemployment Compensation	<u>60,456</u>
 Total Appropriations	 <u><u>\$734,956</u></u>

**BOROUGH OF CLEMENTON
CAPITAL PROGRAM FOR THE YEARS 2023-2025**

	<u>Estimated Total Cost</u>	<u>Grants</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self- Liquidating</u>
<u>General Improvements</u>					
Public Works:					
Road Improvements (not covered by NJDOT)	\$110,000		\$5,500	\$104,500	
Bottoms Lake Dam Improvements	200,000		10,000	190,000	
Stormwater Improvements	100,000		5,000	95,000	
Street Signs	15,000		750	14,250	
Berlin Clementon Road Pedestrian Improvements	416,000	\$416,000			
Fire Department:					
Replace 1992 Engine	100,000		5,000	95,000	
Replace Fire Hose	6,500		325	6,175	
SCBA Gear	150,000		7,500	142,500	
Police:					
Rifles and Tasers	21,000		1,050	19,950	
2 - 4WD Vehicles	70,000		3,500	66,500	
<u>Water Improvements</u>					
Various Repairs and Emergencies	\$150,000		\$7,500		\$142,500
Asset Mgmt Plan(DEP Required)	35,000		1,750		33,250
Fulton Ave. Water Main AC Pipe	160,000		8,000		152,000
10 Yard Dump truck (50%)	100,000		5,000		95,000
Sitley Ave. Pump Station	100,000		5,000		95,000
<u>Sewer Improvements</u>					
10 Yard Dump truck (50%)	100,000		5,000		95,000
Various Repairs and Emergencies	150,000		7,500		142,500
	<u>\$1,983,500</u>	<u>\$416,000</u>	<u>\$78,375</u>	<u>\$733,875</u>	<u>\$755,250</u>

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF CLEMENTON

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Clementon
Clementon, New Jersey 08021

Management is responsible for the accompanying financial statements of the Borough of Clementon, 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.

The financial statements for the years ended December 31, 2021, 2020, 2019 and 2018 were audited by us and expressed adverse opinions under accounting principles generally accepted in the United States of America and unmodified opinions under the regulatory basis of accounting in our reports for those years. Our most recent report (December 31, 2021) was dated August 31, 2022, and we have not performed any auditing procedures since that date.

Respectfully submitted,

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

/s/ Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
February 14, 2023

BOROUGH OF CLEMENTON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	2022(1)	2021(2)	2020(2)	2019(2)	2018(2)
ASSETS					
Cash	\$3,672,533	\$3,240,919	\$2,318,513	\$1,617,096	\$1,361,372
Due from State of New Jersey	8				8
Federal and State Grants Receivable	1,499,249	552,131	518,114	618,227	716,016
Receivables and Other Assets with Full Reserves:					
Taxes Receivable	441,835	318,205	648,845	429,546	406,609
Tax Title Liens Receivable	542,856	499,160	434,412	404,123	355,650
Property Acquired for Taxes-- Assessed Valuation	984,600	984,600	984,600	913,600	913,600
Revenue Accounts Receivable		18,321	15,749	21,320	20,175
Interfunds Receivable	25,061	56,740	128,618	203,669	86,061
Other Accounts Receivable			2,469		
Deferred Charges	55,000	19,600	42,200	64,800	87,400
	<u>\$7,221,142</u>	<u>\$5,689,676</u>	<u>\$5,093,519</u>	<u>\$4,272,380</u>	<u>\$3,946,893</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$646,790	\$728,218	\$892,156	\$637,490	\$384,496
Reserve for Encumbrances	199,142	184,909	135,188	291,307	39,676
Accounts Payable	11,391	11,026	12,062	15,800	14,603
Contracts Payable					35,970
Local District School Taxes		43,705	21,852	2	
Prepaid Taxes	96,994	92,896	115,299	142,028	99,359
Tax Overpayments	5,894	10,234	17,859	1,454	28,551
Due to State of New Jersey	3,453	5,083	3,127	819	636
Due County for Added and Omitted Taxes	31,340	1,111	2,987	691	1,178
Interfunds Payable	569,847	50,009	49,937	41,120	50,132
Reserve for Fire Hall Roof	4,000	4,000	4,000	4,000	4,000
Reserve for Library Aid	559	559	559	559	559
Reserve for Tax Map Update	584	584	584	584	584
Reserve for Reassessment					1,960
Reserve for Municipal Relief Fund Aid	22,461				
Road Appropriation Reserves--State Aid Projects	4,238	4,238	4,238	4,238	4,238
Reserve for Receivables and Other Assets	1,994,352	1,877,026	2,214,692	1,972,258	1,782,096
Reserve for Federal and State Grants:					
Appropriated	1,325,003	404,718	522,898	315,698	681,270
Unappropriated	7,742	264,921	10,355	30,939	15,147
Fund Balance	<u>2,297,352</u>	<u>2,006,437</u>	<u>1,085,728</u>	<u>813,393</u>	<u>802,437</u>
	<u>\$7,221,142</u>	<u>\$5,689,676</u>	<u>\$5,093,519</u>	<u>\$4,272,380</u>	<u>\$3,946,893</u>

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE--
REGULATORY BASIS

	For the Years Ended December 31,				
	2022(1)	2021(2)	2020(2)	2019(2)	2018(2)
Revenue Realized:					
Current Tax Collections	\$10,644,584	\$10,544,873	\$10,010,237	\$10,007,456	\$10,092,853
Delinquent Tax Collections	316,474	600,392	422,500	418,017	351,127
Total Taxes	10,961,058	11,145,265	10,432,736	10,425,473	10,443,980
Miscellaneous Revenues Anticipated	2,057,235	1,515,954	1,466,104	1,446,652	1,581,320
Non-Budget and Other Income	775,439	855,160	676,222	452,315	321,358
Liquidation of Reserve for Interfunds and Receivables	52,694	2,974	48,033		
Fund Balance Utilized	1,078,700	641,300	495,000	495,000	495,000
Total Income	14,925,126	14,160,653	13,118,095	12,819,441	12,841,658
Expenditures:					
Operating	4,646,955	4,368,619	4,177,123	4,462,348	3,930,164
Capital Improvements	1,005,000	349,000	275,000		566,549
Debt Service	629,253	622,765	604,691	595,860	567,184
Deferred Charges and Statutory Expenditures	585,060	520,768	536,820	514,029	520,067
Prior Year Senior Citizen Deduction Disallowed	1,918	1,750	1,887	2,500	1,250
Refund of Prior Year Revenues		5,800	6,207	25,605	729
County Taxes	2,212,395	2,178,224	2,193,440	2,195,788	2,237,912
Local School Tax	4,457,911	4,457,911	4,414,206	4,327,653	4,471,002
Municipal Open Space Tax	51,005	50,009	49,937	49,858	49,747
Accounts Receivable Canceled		2,469			
Creation of Reserve for Interfunds/Other Receivables	21,015	41,327	89,363	139,846	86,061
Total Expenditures	13,610,512	12,598,644	12,348,674	12,313,486	12,430,665
Excess in Revenues	1,314,614	1,562,010	767,335	505,955	410,993
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	55,000				
Statutory Excess to Fund Balance	1,369,614	1,562,010	767,335	505,955	410,993
Fund Balance, January 1	2,006,437	1,085,728	813,393	802,437	886,444
	3,376,052	2,647,737	1,580,728	1,308,392	1,297,437
Decreased by:					
Utilized as Revenue	1,078,700	641,300	495,000	495,000	495,000
Fund Balance December 31	\$2,297,352	\$2,006,437	\$1,085,728	\$813,393	\$802,437

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

ASSETS	As of December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
Cash	\$745,053	\$949,693	\$736,614	\$872,549	\$647,753
Community Development Block Grants Receivable	15,478	15,478	15,478	15,478	75,275
Other Accounts Receivable	2,783	1,133	3,473	713	5,155
Interfunds Receivable	57,955	56,960	56,887	7,527	57,163
Deferred Charges					464
	\$821,269	\$1,023,263	\$812,451	\$896,266	\$785,811
LIABILITIES, RESERVES AND FUND BALANCE					
Account Payable	\$43,529	\$36,435	\$30,990	\$23,466	\$19,194
Interfunds Payable	9,647	31,924	22,363	22,587	50,191
Escrow Deposits	137,359	107,298	64,222	79,712	57,534
Reserve for Liabilities and Special Funds	630,735	847,606	694,875	770,502	658,893
	\$821,269	\$1,023,263	\$812,451	\$896,266	\$785,811

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
ASSETS					
Cash and Investments	\$1,347,006	\$1,669,701	\$585,484	\$449,284	\$636,399
Deferred Charges to Future Taxation:					
Funded	1,523,565	2,072,012	2,611,047	3,127,715	3,620,926
Unfunded	3,269,299	2,125,974	1,328,449	439,439	439,439
	<u>\$6,139,871</u>	<u>\$5,867,687</u>	<u>\$4,524,980</u>	<u>\$4,696,765</u>	<u>\$5,235,849</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Serial Bonds	\$1,315,000	\$1,800,000	\$2,274,000	\$2,724,000	\$3,149,000
NJEIT Loans	208,565	272,012	337,047	403,715	471,926
Bond Anticipation Notes	2,124,485	2,124,485	437,950		
Improvement Authorizations:					
Funded	264,452	214,349	280,997	358,784	361,784
Unfunded	2,127,806	1,224,244	853,483	252,497	361,488
Contracts Payable					
Capital Improvement Fund	8,369	3,544	11,519	58,309	58,309
Reserve for Payment of Bonds and Loans			25,464	97,845	172,619
Interfund Payables	1,365	25,676	72,460	115,998	27,707
Reserve for Encumbrances	49,400	181,622	225,750	5,036	93,677
Fund Balance	40,429	21,755	6,310	256	256
	<u>\$6,139,871</u>	<u>\$5,867,687</u>	<u>\$4,524,980</u>	<u>\$4,696,765</u>	<u>\$5,235,849</u>

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
WATER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
ASSETS					
Operating Fund:					
Cash	\$753,656	\$703,861	\$600,768	\$555,988	\$430,729
Interfund Receivables	15,271	270	136	56	4,559
Receivables with Full Reserves:					
Consumer Accounts Receivable	132,650	121,707	270,622	116,638	86,888
Water Utility Liens Receivable	11,558	11,132	10,541	11,214	10,649
Total Operating Fund	<u>913,135</u>	<u>836,969</u>	<u>882,067</u>	<u>683,896</u>	<u>532,825</u>
Capital Fund:					
Cash	1,101,353	2,126,113	1,081,768	154,275	200,753
Interfund Receivables	518,842				
Fixed Capital	3,971,788	3,971,788	3,971,788	3,971,788	3,971,788
Fixed Capital Authorized and Uncompleted	4,942,052	4,063,210	3,498,210	2,148,210	2,148,210
Total Capital Fund	<u>10,534,035</u>	<u>10,161,111</u>	<u>8,551,766</u>	<u>6,274,273</u>	<u>6,320,751</u>
	<u>\$11,447,170</u>	<u>\$10,998,080</u>	<u>\$9,433,833</u>	<u>\$6,958,168</u>	<u>\$6,853,576</u>

(Continued)

BOROUGH OF CLEMENTON
WATER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Reserve for Encumbrances	\$32,336	\$17,809	\$27,163	\$19,873	\$10,998
Rental Overpayments	5,443	8,111	7,071	8,383	4,229
Rental Prepayments	11,067	31,387	9,796	20,499	9,650
Accounts Payable					
Appropriation Reserves	15,175	64,062	115,337	153,900	114,406
Accrued Interest on Bonds and Notes	39,273	10,833	10,718	3,662	3,995
Interfund Payables	28,139	10,191	51,006	34,028	30,672
Reserve for Receivables	144,208	132,838	281,163	127,852	97,537
Fund Balance	<u>637,493</u>	<u>561,737</u>	<u>379,813</u>	<u>315,698</u>	<u>261,338</u>
Total Operating Fund	<u>913,135</u>	<u>836,969</u>	<u>882,067</u>	<u>683,896</u>	<u>532,825</u>
Capital Fund:					
Serial Bonds	243,000	298,000	353,000	402,500	447,000
Bond Anticipation Notes	3,399,250	3,399,250	1,580,000		
Improvement Authorizations:					
Unfunded	1,150,383	1,347,575	2,062,074	1,444,527	1,453,076
Funded	574,041	133,388	208,040	202,952	243,433
Capital Improvement Fund	18,250	11,250	13,500	81,000	81,000
Contracts Payable					
Interfunds Payable	15,271	270	136	56	4,559
Reserve for:					
Encumbrances	129,508	588,769	60,369	7,055	
Payment of Bonds					
Amortization	4,266,888	4,211,888	4,156,888	4,107,388	4,062,888
Deferred Amortization	661,003	124,161	95,911	28,411	28,411
Fund Balance	<u>76,440</u>	<u>46,561</u>	<u>21,848</u>	<u>383</u>	<u>383</u>
Total Capital Fund	<u>10,534,035</u>	<u>10,161,111</u>	<u>8,551,766</u>	<u>6,274,273</u>	<u>6,320,751</u>
	<u>\$11,447,170</u>	<u>\$10,998,080</u>	<u>\$9,433,833</u>	<u>\$6,958,168</u>	<u>\$6,853,576</u>

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
WATER UTILITY FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE--
REGULATORY BASIS

	For the Years Ended December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
Revenue Realized:					
Fund Balance	\$180,738	\$139,631	\$76,381	\$79,256	\$106,501
Rents	872,290	929,553	727,527	746,563	782,979
Reserve for Payment of Bonds					4,393
Miscellaneous	76,340	12,982	20,271	15,521	28,556
Other Credits to Income	60,253	124,697	152,754	114,198	46,652
Total Income	1,189,621	1,206,863	976,933	955,538	969,081
Expenditures:					
Operating	726,351	697,401	702,900	697,500	674,000
Capital Improvements	25,000	26,000			
Debt Service	110,976	95,990	67,267	56,055	112,299
Deferred Charges and Statutory Expenditures	49,800	44,918	45,271	47,367	46,595
Total Expenditures	912,127	864,308	815,438	800,922	832,894
Excess (Deficit) in Revenue	277,494	342,555	161,496	154,616	136,187
Statutory Excess to Fund Balance	277,494	342,555	161,496	154,616	136,187
Fund Balance January 1	561,737	379,813	315,698	261,338	252,652
	839,231	722,368	477,194	415,954	388,839
Decreased by:					
Utilized as Revenue:					
Water Operating Fund	180,738	139,631	76,381	79,256	106,501
Current Fund	21,000	21,000	21,000	21,000	21,000
Fund Balance December 31	\$637,493	\$561,737	\$379,813	\$315,698	\$261,338

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
ASSETS					
Operating Fund:					
Cash	\$342,424	\$401,039	\$371,011	\$394,266	\$314,804
Interfund Receivables	7,565	10,929	10,304	7,838	10,482
Receivables with Full Reserves:					
Consumer Accounts Receivable	48,912	48,088	66,336	54,964	57,518
Sewer Utility Liens Receivable	10,740	9,099	7,349	7,019	5,998
Total Operating Fund	<u>409,641</u>	<u>469,156</u>	<u>454,999</u>	<u>388,802</u>	<u>376,634</u>
Capital Fund:					
Cash	425,895	539,003	328,816	352,894	414,535
Fixed Capital	3,767,732	3,652,732	3,652,732	3,652,732	3,652,732
Fixed Capital Authorized and Uncompleted	1,384,500	1,217,000	1,039,000	924,000	924,000
Total Capital Fund	<u>5,578,126</u>	<u>5,408,735</u>	<u>5,020,547</u>	<u>4,991,267</u>	<u>5,064,853</u>
	<u>\$5,987,767</u>	<u>\$5,877,890</u>	<u>\$5,475,546</u>	<u>\$5,380,069</u>	<u>\$5,441,487</u>

(Continued)

BOROUGH OF CLEMENTON
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--
REGULATORY BASIS

	As of December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Reserve for Encumbrances	\$13,438	\$4,882	\$7,748	\$7,514	\$5,259
Rental Overpayments	2,828	2,151	1,001	1,042	800
Rental Prepayments	13,194	32,711	6,907	23,692	11,727
Accounts Payable					
Appropriation Reserves	43,189	88,402	116,677	132,192	73,342
Accrued Interest on Bonds and Notes	7,224	5,434	5,392	5,933	6,424
Interfunds Payable		6,090		4,714	
Reserve for Receivables	59,652	57,187	73,684	61,983	63,516
Fund Balance	<u>270,117</u>	<u>272,298</u>	<u>243,589</u>	<u>227,017</u>	<u>227,735</u>
Total Operating Fund	<u>409,641</u>	<u>469,156</u>	<u>454,999</u>	<u>388,802</u>	<u>376,634</u>
Capital Fund:					
Serial Bonds	427,000	502,000	578,000	643,500	709,000
Bond Anticipation Notes	284,100	284,100			
Improvement Authorizations:					
Unfunded	345,678	198,809	115,984	984	984
Funded	289,869	299,012	290,511	309,641	358,266
Capital Improvement Fund	44,225	38,350	37,250	37,250	37,250
Reserve for Encumbrances	9,480			4,405	17,189
Interfunds Payable	427	739	42	587	818
Reserve for:					
Amortization	4,102,547	4,027,547	3,951,547	3,886,047	3,820,547
Deferred Amortization	69,225	55,100	46,200	46,200	46,200
Fund Balance	<u>5,575</u>	<u>3,078</u>	<u>1,012</u>	<u>1,012</u>	<u>1,012</u>
Total Capital Fund	<u>5,578,126</u>	<u>5,408,735</u>	<u>5,020,547</u>	<u>4,991,267</u>	<u>5,064,853</u>
	<u>\$5,987,767</u>	<u>\$5,877,890</u>	<u>\$5,475,546</u>	<u>\$5,380,069</u>	<u>\$5,441,487</u>

(1) Unaudited. See Independent Accountant's Compilation Report

(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
SEWER UTILITY FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE--
REGULATORY BASIS

	For the Years Ended December 31,				
	<u>2022(1)</u>	<u>2021(2)</u>	<u>2020(2)</u>	<u>2019(2)</u>	<u>2018(2)</u>
Revenue Realized:					
Fund Balance Utilized	\$180,203	\$156,286	\$145,956	\$130,535	\$109,017
Reserve for Payment of Bonds					
Sewer Charges	550,133	566,507	534,560	553,637	554,754
Miscellaneous	53,317	16,713	7,504	13,065	14,214
Other Credits to Income	88,253	116,273	130,923	73,624	30,100
Total Income	871,906	855,780	818,943	770,861	708,084
Expenditures:					
Operating	532,951	527,150	531,050	511,650	498,650
Capital Improvements	20,000	10,000			
Debt Service	93,133	90,717	82,094	83,734	80,230
Deferred Charges and Statutory Expenditures	47,800	42,918	43,271	45,659	44,183
Total Expenditures	693,883	670,785	656,415	641,043	623,063
Excess in Revenue	178,022	184,995	162,528	129,818	85,021
Statutory Excess to Fund Balance	178,022	184,995	162,528	129,818	85,021
Fund Balance January 1	272,298	243,589	227,017	227,735	251,730
	450,320	428,584	389,545	357,552	336,752
Decreased by:					
Utilization as Anticipated Revenue:					
Sewer Utility Budget	180,203	156,286	145,956	130,535	109,017
Fund Balance December 31	\$270,117	\$272,298	\$243,589	\$227,017	\$227,735

(1) Unaudited. See Independent Accountant's Compilation Report
(2) Audited Financial Statements. See Independent Accountant's Compilation Report

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

BOROUGH OF CLEMENTON
Notes to Financial Statements
For the Year Ended December 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - - The Borough of Clementon (hereafter referred to as the "Borough") was incorporated as a Borough by an act of the New Jersey legislature in 1925 and is located in Camden County, New Jersey. According to the 2020 census, the population is 5,338.

The Borough has a Mayor-council form of government. The Mayor is separately elected every four years. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator/Clerk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Borough's year ending December 31, 2023. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Borough.

Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Borough in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Borough.

Note 2: CASH AND CASH EQUIVALENTS

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

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

As of December 31, 2022, the Borough's bank balances of \$8,460,295.13 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,866,050.14
Uninsured and Uncollateralized	<u>594,244.99</u>
Total	<u>\$ 8,460,295.13</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 4.358</u>	<u>\$ 4.352</u>	<u>\$ 4.299</u>	<u>\$ 4.243</u>	<u>\$ 4.296</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.697	\$ 1.677	\$ 1.630	\$ 1.605	\$ 1.577
Municipal Open Space	.020	.020	.020	.020	.020
County	.868	.871	.879	.881	.901
Local School	1.773	1.784	1.770	1.737	1.798

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2022	\$ 251,413,970.00
2021	249,918,390.00
2020	249,342,910.00
2019	249,209,160.00
2018	248,605,100.00

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):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2022	\$ 11,121,773.69	\$ 10,644,583.58	95.71%
2021	10,898,884.85	10,544,873.11	96.75%
2020	10,746,583.58	10,010,236.51	93.15%
2019	10,588,105.21	10,007,455.84	94.52%
2018	10,685,689.87	10,092,853.31	94.45%

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>
2022	\$ 542,855.62	\$ 441,835.43	\$ 984,691.05	8.85%
2021	499,159.69	318,204.58	817,364.27	7.50%
2020	434,411.52	648,844.71	1,083,256.23	10.08%
2019	404,122.91	429,545.75	833,668.66	7.87%
2018	355,650.37	406,608.88	762,259.25	7.13%

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

<u>Year</u>	<u>Number</u>
2022	31
2021	35
2020	37
2019	41
2018	52

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>
2022	\$ 984,600.00
2021	984,600.00
2020	984,600.00
2019	913,600.00
2018	913,600.00

Note 5: WATER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2022	\$ 121,706.97	\$ 11,131.51	\$ 887,515.82	\$ 1,020,354.30	\$ 872,290.02
2021	270,621.57	10,541.49	781,921.31	1,063,084.37	929,552.86
2020	116,638.12	11,214.17	882,421.07	1,010,273.36	727,527.30
2019	86,887.86	10,649.17	781,740.75	879,277.78	746,562.78
2018	102,355.85	8,509.53	769,562.29	880,427.67	782,979.30

Note 6: 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>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2022	\$ 48,088.17	\$ 9,098.74	\$ 552,597.14	\$ 609,784.05	\$ 550,132.53
2021	66,335.54	7,348.92	550,009.57	623,694.03	566,507.12
2020	54,963.91	7,018.92	548,600.84	610,583.67	534,559.94
2019	57,517.53	5,998.48	553,881.55	617,397.56	553,636.95
2018	66,495.14	4,105.92	547,646.12	618,247.18	554,753.70

Note 7: 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>Current Fund</u>			
<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2022	\$ 2,297,351.65	\$ 1,250,000.00	54.41%
2021	2,006,437.49	1,078,700.00	53.76%
2020	1,085,727.73	641,300.00	59.07%
2019	813,392.64	495,000.00	60.86%
2018	802,437.25	495,000.00	61.69%

Note 7: FUND BALANCES APPROPRIATED (CONT'D)

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

Water Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2022	\$ 637,493.01	\$ 327,516.00	51.38%
2021	561,736.63	201,738.00 (A)	35.91%
2020	379,812.81	160,631.00 (A)	42.29%
2019	315,698.14	97,381.00 (A)	30.85%
2018	261,338.43	100,256.00 (A)	38.36%

(A) Includes \$21,000 utilized in Current Fund budget

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2022	\$ 270,117.10	\$ 220,456.00	81.61%
2021	272,297.94	180,203.00	66.18%
2020	243,589.05	156,286.00	64.16%
2019	227,016.60	145,956.00	64.29%
2018	227,734.66	130,535.00	57.32%

Note 8: 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, 2022:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 25,061.26	\$ 51,004.86
Federal and State Grant		518,842.00
Trust - Animal Control		1,010.84
Trust - Other	6,950.50	1,685.24
Trust - Municipal Open Space Fund	51,004.86	6,950.50
General Capital		1,365.18
Water Utility - Operating	15,271.44	28,138.51
Water Utility - Capital	518,842.00	15,271.44
Sewer Utility - Operating	7,565.26	
Sewer Utility - Capital		426.75
Totals	<u>\$ 624,695.32</u>	<u>\$ 624,695.32</u>

Note 8: INTERFUND RECEIVABLES AND PAYABLES (CONT'D)

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2023, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

On May 8, 2023, the New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. As of the date of this report, the information for the measurement period ended June 30, 2022 was not available for each pension plan for which the Borough's employees participate; therefore, the information from the measurement period June 30, 2021 is disclosed below.

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

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

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. 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 ten years of service.

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 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Public Employees' Retirement System (Cont'd) - The Borough's contractually required contribution rate for the year ended December 31, 2021 was 13.79% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$118,998.00, and is payable by April 1, 2022. 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, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$114,586.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$66,985.82.

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 Borough's contractually required contribution rate for the year ended December 31, 2021 was 33.28% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Note 9: 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, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$326,561.00, and is payable by April 1, 2022. 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, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$266,916.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$98,715.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2021 was 5.10% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2021 the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2021 was \$50,037.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2020 was \$36,868.00, which was paid on April 1, 2021.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2022, employee contributions totaled \$4,051.28, and the Borough's contributions were \$1,715.54. 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, 2021, the Borough's proportionate share of the PERS net pension liability was \$1,203,732.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Borough's proportion was 0.0101610752%, which was a decrease of 0.0003134479% from its proportion measured as of June 30, 2020.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Pension (Benefit) Expense - For the year ended December 31, 2021, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was \$(274,792.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the Borough's contribution to PERS was \$114,586.00, and was paid on April 1, 2021.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2021, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 2,048,011.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>576,003.00</u>
	<u>\$ 2,624,014.00</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2021 measurement date, the Borough's proportion was 0.0280198197%, which was an increase of 0.0041276819% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0280198458%, which was an increase of 0.0041277080% from its proportion, on-behalf of the Borough, measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Borough's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was \$(931,180.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the Borough's contribution to PFRS was \$266,916.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2021 measurement date, was \$64,150.00. This on-behalf (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 18,984.00	\$ 23,365.00	\$ 42,349.00	\$ 8,617.00	\$ 835,004.00	\$ 843,621.00
Changes of Assumptions	6,269.00	10,898.00	17,167.00	428,536.00	2,089,053.00	2,517,589.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	317,095.00	2,970,393.00	3,287,488.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	14,203.00	699,936.00	714,139.00	371,192.00	312,672.00	683,864.00
Borough Contributions Subsequent to the Measurement Date	59,499.00	163,281.00	222,780.00	-	-	-
	<u>\$ 98,955.00</u>	<u>\$ 897,480.00</u>	<u>\$ 996,435.00</u>	<u>\$ 1,125,440.00</u>	<u>\$ 6,207,122.00</u>	<u>\$ 7,332,562.00</u>

Deferred outflows of resources in the amounts of \$59,499.00 and \$163,281.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the Borough's year end of December 31, 2021.

The Borough will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 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	-
June 30, 2021	-	5.13	-	6.17

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions				
Year of Pension Plan Deferral:				
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
June 30, 2021	5.13	-	6.17	-
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
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
June 30, 2021	-	5.00	-	5.00
Changes in Proportion				
Year of Pension Plan Deferral:				
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
June 30, 2021	5.13	5.13	6.17	6.17

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

Year Ending Dec 31,	PERS	PFRS	Total
2022	\$ (404,073.00)	\$ (473,762.00)	\$ (877,835.00)
2023	(330,543.00)	(354,904.00)	(685,447.00)
2024	(222,456.00)	(284,864.00)	(507,320.00)
2025	(127,220.00)	(313,325.00)	(440,545.00)
2026	(1,692.00)	99,616.00	97,924.00
Thereafter	-	(4,145,684.00)	(4,145,684.00)
	<u>\$ (1,085,984.00)</u>	<u>\$ (5,472,923.00)</u>	<u>\$ (6,558,907.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

⁽¹⁾ based on years of service

Note 9: 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-2021.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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, 2021) 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, 2021 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%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Note 9: 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, 2021. 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 2.16% as of the June 30, 2021 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 and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer 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, 2021. 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 2.16% as of June 30, 2021 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer 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 Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability as of the June 30, 2021 measurement date, calculated using a discount rate of 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 1,639,238.00</u>	<u>\$ 1,203,732.00</u>	<u>\$ 834,142.00</u>

Note 9: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of the June 30, 2021 measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 3,109,841.00	\$ 2,048,011.00	\$ 1,164,153.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>874,642.00</u>	<u>576,003.00</u>	<u>327,418.00</u>
	<u>\$ 3,984,483.00</u>	<u>\$ 2,624,014.00</u>	<u>\$ 1,491,571.00</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 9: 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 Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Nine Plan Years)

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0101610752%	0.0104745231%	0.0119005195%	0.0128466839%	0.0132851795%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,203,732.00	\$ 1,708,121.00	\$ 2,144,293.00	\$ 2,529,448.00	\$ 3,092,577.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 720,120.00	\$ 721,936.00	\$ 815,804.00	\$ 899,104.00	\$ 920,392.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	167.16%	236.60%	262.84%	281.33%	336.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0125413993%	0.0128244645%	0.0133255606%	0.0134473453%	
Borough's Proportionate Share of the Net Pension Liability	\$ 3,714,403.00	\$ 2,878,835.00	\$ 2,494,909.00	\$ 2,570,055.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 833,368.00	\$ 862,332.00	\$ 852,040.00	\$ 909,684.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	445.71%	333.84%	292.82%	282.52%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 118,998.00	\$ 114,586.00	\$ 115,757.00	\$ 127,783.00	\$ 123,073.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(118,998.00)</u>	<u>(114,586.00)</u>	<u>(115,757.00)</u>	<u>(127,783.00)</u>	<u>(123,073.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 863,143.00	\$ 727,435.00	\$ 741,947.00	\$ 797,987.00	\$ 900,451.00
Borough's Contributions as a Percentage of Covered Payroll	13.79%	15.75%	15.60%	16.01%	13.67%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 111,416.00	\$ 110,256.00	\$ 109,854.00	\$ 101,323.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(111,416.00)</u>	<u>(110,256.00)</u>	<u>(109,854.00)</u>	<u>(101,323.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 934,360.00	\$ 852,239.00	\$ 851,446.00	\$ 859,272.00	
Borough's Contributions as a Percentage of Covered Payroll	11.92%	12.94%	12.90%	11.79%	

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0280198197%	0.0238921378%	0.0284036224%	0.0265931273%	0.0274347950%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,048,011.00	\$ 3,087,179.00	\$ 3,475,984.00	\$ 3,598,489.00	\$ 4,235,402.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	576,003.00	479,116.00	548,864.00	488,795.00	474,401.00
Total	<u>\$ 2,624,014.00</u>	<u>\$ 3,566,295.00</u>	<u>\$ 4,024,848.00</u>	<u>\$ 4,087,284.00</u>	<u>\$ 4,709,803.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 982,236.00	\$ 874,608.00	\$ 962,688.00	\$ 882,240.00	\$ 915,548.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	208.50%	352.98%	361.07%	407.88%	462.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0260624826%	0.0230001607%	0.0274347950%	0.0000000000%	
Borough's Proportionate Share of the Net Pension Liability	\$ 4,978,601.00	\$ 3,831,025.00	\$ 4,235,402.00	\$ -	
State's Proportionate Share of the Net Pension Liability associated with the Borough	418,079.00	335,968.00	xxxxxx	474,401.00	
Total	<u>\$ 5,396,680.00</u>	<u>\$ 4,166,993.00</u>	<u>\$ 4,235,402.00</u>	<u>\$ 474,401.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 930,548.00	\$ 783,400.00	\$ 865,920.00	\$ 881,376.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	535.02%	489.03%	489.12%	0.00%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%	

Note 9: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Nine Years)***

	Year Ended December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 326,561.00	\$ 266,916.00	\$ 286,908.00	\$ 259,987.00	\$ 242,803.00
Borough's Contribution in Relation to the Contractually Required Contribution	(326,561.00)	(266,916.00)	(286,908.00)	(259,987.00)	(242,803.00)
Borough's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll (Calendar Year)	\$ 981,327.00	\$ 985,004.00	\$ 871,875.00	\$ 948,442.00	\$ 869,818.00
Borough's Contributions as a Percentage of Covered Payroll	33.28%	27.10%	32.91%	27.41%	27.91%
	Year Ended December 31,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 212,498.00	\$ 186,957.00	\$ 242,803.00	\$ -	
Borough's Contribution in Relation to the Contractually Required Contribution	(212,498.00)	(186,957.00)	(242,803.00)	-	
Borough's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	
Borough's Covered Payroll (Calendar Year)	\$ 926,018.00	\$ 935,762.00	\$ 852,096.00	\$ 870,983.00	
Borough's Contributions as a Percentage of Covered Payroll	22.95%	19.98%	28.49%	0.00%	

Other Notes to Supplementary Pension Information***Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The June 30, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the defined contribution retirement program (DCRP) and regular part of PERS into the WCJ Part of PERS.

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>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

Note 9: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS) (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>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

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>
2021	7.00%	2017	6.14%
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%

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>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the State Health Benefit Local Government Retired Employees Plan**

Plan Description and Benefits Provided - The Borough 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>.

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 Borough was billed monthly by the Plan and paid \$185,533.13, for the year ended December 31, 2020, representing 10.83% of the Borough's covered payroll. During the year ended December 31, 2020, retirees were required to contribute \$1,064.28 to the Plan.

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

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. 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.

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 Borough, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the Borough, is \$(134,312.00) for the year ended December 31, 2020, representing (7.84)% of the Borough'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 Borough's and State's proportionate share of the net OPEB liability were as follows:

Borough's Proportionate Share of Net OPEB Liability	\$ 5,511,405.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Borough	<u>2,698,105.00</u>
	<u>\$ 8,209,510.00</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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

OPEB Liability (Cont'd) - The Borough'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 Borough's proportion was 0.030710%, which was an increase of 0.002990% from its proportion measured as of the June 30, 2019 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Borough 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 Borough was 0.049395%, which was an increase of 0.012497% from its proportion measured as of the June 30, 2019 measurement date.

OPEB (Benefit) Expense - At December 31, 2020, the Borough's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date, is \$45,900.00. This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Borough made contributions to the Plan totaling \$185,533.13.

At December 31, 2020, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the Plan as of the June 30, 2020 measurement date, is \$(134,312.00).

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2020, the Borough had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 145,166.00	\$ 1,026,326.00
Changes of Assumptions	824,333.00	1,225,651.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,500.00	-
Changes in Proportion	1,016,426.00	1,041,753.00
Borough Contributions Subsequent to the Measurement Date	93,215.52	-
	<u>\$ 2,082,640.52</u>	<u>\$ 3,293,730.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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) - Deferred outflows of resources in the amount of \$93,215.52 will be included as a reduction of the Borough's net OPEB liability during the year ending December 31, 2021. The Borough will amortize the above other deferred outflows 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)**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 Dec. 31,	
2021	\$ (293,970.00)
2022	(294,238.00)
2023	(294,672.00)
2024	(295,069.00)
2025	(224,017.00)
Thereafter	<u>97,661.00</u>
	<u>\$ (1,304,305.00)</u>

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, 2020 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 mortality 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 mortality 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)**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%)
Borough's Proportionate Share of the Net OPEB Liability	\$ 6,515,645.00	\$ 5,511,405.00	\$ 4,716,458.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	3,189,730.00	2,698,105.00	2,308,939.00
	<u>\$ 9,705,375.00</u>	<u>\$ 8,209,510.00</u>	<u>\$ 7,025,397.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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>
Borough's Proportionate Share of the Net OPEB Liability	\$ 4,560,693.00	\$ 5,511,405.00	\$ 6,756,375.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>2,232,685.00</u>	<u>2,698,105.00</u>	<u>3,307,579.00</u>
	<u>\$ 6,793,378.00</u>	<u>\$ 8,209,510.00</u>	<u>\$ 10,063,954.00</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 Borough'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>
Borough's Proportion of the Net OPEB Liability	0.030710%	0.027720%	0.033796%	0.031454%
Borough's Proportionate Share of the Net OPEB Liability	\$ 5,511,405.00	\$ 3,754,971.00	\$ 5,294,690.00	\$ 6,421,582.00
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>2,698,105.00</u>	<u>2,038,880.00</u>	<u>2,624,107.00</u>	<u>3,436,340.00</u>
Total	<u>\$ 8,209,510.00</u>	<u>\$ 5,793,851.00</u>	<u>\$ 7,918,797.00</u>	<u>\$ 9,857,922.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,654,896.00	\$ 1,659,053.00	\$ 1,776,703.00	\$ 1,836,534.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	333.04%	226.33%	298.01%	349.66%
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)**Supplementary OPEB Information (Cont'd)****Schedule of the Borough's Contributions (Last Four Years)**

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Required Contributions	\$ 185,533.13	\$ 201,811.58	\$ 368,352.12	\$ 366,975.79
Borough's Contributions in Relation to the Required Contribution	(185,533.13)	(201,811.58)	(368,352.12)	(366,975.79)
Borough's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll (Calendar Year)	\$ 1,712,439.00	\$ 1,613,822.00	\$ 1,746,429.00	\$ 1,770,269.00
Borough's Contributions as a Percentage of Covered Payroll	10.83%	12.51%	21.09%	20.73%

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 11: COMPENSATED ABSENCES

Under the existing policy of the Borough, 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 are earned at a rate of one day per month for all employees in the first year of employment. For subsequent years, vacation days are earned in accordance with the guidelines outlined in the various Borough employment contracts. Vacation days not used during the year may only be accumulated to the following year.

Upon termination of employment, employees in good standing shall be entitled to receive pay for the amount of accrued sick leave ranging from 10-50% of such unused and accumulated sick leave. The amount of accrued sick leave benefits payable in future years are calculated in accordance with the formulas outlined in Borough agreements. Benefits paid in any future year will be charged to that year's budget.

The Borough has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2022, the balance of the fund was \$26,512.89.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2022, accrued benefits for compensated absences are valued at \$165,192.96.

Note 10: CAPITAL DEBT**General Improvement Bonds**

General Obligation Bonds, Series 2010 - On October 18, 2010, the Borough issued \$3,670,000.00 of general obligation bonds, consisting of \$3,524,000.00 General Improvement Bonds, \$52,000.00 Sewer Utility Bonds and \$94,000.00 Water Utility Bonds, at interest rates varying from 3.00% to 4.00%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is October 1, 2025.

General Obligation Bonds, Series 2015 - On August 6, 2015, the Borough issued \$2,355,000.00 of general obligation bonds, consisting of \$1,030,000.00 General Improvement Bonds, \$837,000.00 Sewer Utility Bonds and \$488,000.00 Water Utility Bonds, at interest rates varying from 2.00% to 3.00%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is March 1, 2027.

The following schedules represent the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 515,000.00	\$ 43,312.50	\$ 558,312.50
2024	375,000.00	29,375.00	404,375.00
2025	425,000.00	17,000.00	442,000.00
	<u>\$ 1,315,000.00</u>	<u>\$ 89,687.50</u>	<u>\$ 1,404,687.50</u>

Note 10: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

The following schedules represent the remaining debt service, through maturity, for the general improvement bonds (cont'd):

<u>Year</u>	<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 46,000.00	\$ 6,485.00	\$ 52,485.00
2024	47,000.00	5,205.00	52,205.00
2025	50,000.00	3,750.00	53,750.00
2026	50,000.00	2,250.00	52,250.00
2027	50,000.00	750.00	50,750.00
	<u>\$ 243,000.00</u>	<u>\$ 18,440.00</u>	<u>\$ 261,440.00</u>

<u>Year</u>	<u>Sewer Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 79,000.00	\$ 11,427.50	\$ 90,427.50
2024	83,000.00	9,195.00	92,195.00
2025	85,000.00	6,675.00	91,675.00
2026	90,000.00	4,050.00	94,050.00
2027	90,000.00	1,350.00	91,350.00
	<u>\$ 427,000.00</u>	<u>\$ 32,697.50</u>	<u>\$ 459,697.50</u>

General Debt - New Jersey Environmental Infrastructure Loans

On November 10, 2005, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$880,000.00, at no interest, from the fund loan, and \$315,000.00 at interest rates ranging from 4.0% to 5.0% from the trust loan. The proceeds were used to fund the acquisition of certain real property and property interests in approximately 35 acres of undeveloped forest land in the Borough. Semiannual debt payments are due February 1st and August 1st through 2025.

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

<u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 61,858.68	\$ 3,062.50	\$ 64,921.18
2024	74,345.60	2,187.50	76,533.10
2025	72,360.63	1,093.76	73,454.39
	<u>\$ 208,564.91</u>	<u>\$ 6,343.76</u>	<u>\$ 214,908.67</u>

Note 10: CAPITAL DEBT (CONT'D)

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 3,648,049.91	\$ 4,196,496.73	\$ 3,048,996.69
Water Utility:			
Bonds, Loans and Notes	3,642,250.00	3,697,250.00	1,933,000.00
Sewer Utility:			
Bonds, Loans and Notes	<u>711,100.00</u>	<u>786,100.00</u>	<u>578,000.00</u>
Total Issued	<u>8,001,399.91</u>	<u>8,679,846.73</u>	<u>5,559,996.69</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	1,144,814.35	1,489.35	890,499.35
Water Utility:			
Bonds, Loans and Notes	343,699.00	1,699.00	1,284,199.00
Sewer Utility:			
Bonds, Loans and Notes	<u>269,359.09</u>	<u>984.09</u>	<u>115,984.09</u>
Total Authorized but not Issued	<u>1,757,872.44</u>	<u>4,172.44</u>	<u>2,290,682.44</u>
Total Issued and Authorized but not Issued	<u>9,759,272.35</u>	<u>8,684,019.17</u>	<u>7,850,679.13</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds			25,463.93
Water Utility:			
Self-Liquidating	3,985,949.00	3,698,949.00	3,217,199.00
Sewer Utility:			
Self-Liquidating	<u>980,459.09</u>	<u>787,084.09</u>	<u>693,984.09</u>
Total Deductions	<u>4,966,408.09</u>	<u>4,486,033.09</u>	<u>3,936,647.02</u>
Net Debt	<u>\$ 4,792,864.26</u>	<u>\$ 4,197,986.08</u>	<u>\$ 3,914,032.11</u>

Note 10: 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 1.710%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Self-Liquidating	\$ 4,966,408.09	\$ 4,966,408.09	
General	4,792,864.26		\$ 4,792,864.26
	<u>\$ 9,759,272.35</u>	<u>\$ 4,966,408.09</u>	<u>\$ 4,792,864.26</u>

Net debt \$4,792,864.26 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$280,352,623.00, equals 1.710%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,812,341.81
Less: Net Debt	<u>4,792,864.26</u>
Remaining Borrowing Power	<u>\$ 5,019,477.55</u>

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

Cash Receipts from Rents, Fund Balance		
Anticipated and Other Miscellaneous Revenues		\$ 1,129,367.84
Deductions:		
Operating and Maintenance Costs	\$ 776,150.50	
Debt Service	<u>110,976.25</u>	
Total Deductions		<u>887,126.75</u>
Excess in Revenue		<u>\$ 242,241.09</u>

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

Cash Receipts from Rents, Fund Balance		
Anticipated and Other Miscellaneous Revenues		\$ 783,652.70
Deductions:		
Operating and Maintenance Costs	\$ 580,750.50	
Debt Service	<u>93,132.97</u>	
Total Deductions		<u>673,883.47</u>
Excess in Revenue		<u>\$ 109,769.23</u>

Note 13: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2022</u>	<u>2023 Budget Appropriation</u>	<u>Balance to Succeeding Years' Budgets</u>
Current Fund:			
Emergency Authorizations	\$ 55,000.00	\$ 55,000.00	\$ -

The appropriation in the 2023 Budget as adopted is not less than that required by the statutes.

Note 14: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ -	\$ 2,476.36	\$ 120.32	\$ 5,842.72	\$ 30,321.50
2021	-	3,988.10	46.34	1,655.26	33,567.54
2020	-	3,871.06	53.93	503.19	31,188.36

Joint Insurance Pool - The Borough of Clementon is a member of the Camden County Municipal Insurance 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
- Casualty Insurance
- Business Automobile Insurance
- Property Insurance
- Workers' Compensation Insurance
- Environmental Legal Liability Insurance
- Crime Insurance
- Excess Crime Insurance

Note 14: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Liability Insurance
Excess Workers' Compensation and Employer's Liability Insurance
Public Officials and Employment Liability Insurance

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 Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2022, which can be obtained from camdenmunicipaljif.org.

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 7, 2000, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Borough of Clementon authorized the establishment of the Borough of Clementon Open Space, Recreation, Farmland and Historic Preservation Trust Fund, effective January 1, 2001, for the purpose of raising revenue to acquire land, easements and or development rights to preserve undeveloped areas in the Borough of Clementon and to maintain and study land in the Borough of Clementon. A plan was prepared to identify lands for permanent open space, additions and improvements to existing parks and schools and preservation of stream corridors and other environmentally sensitive areas. The Borough proposed to levy a tax in the amount of two cents per one hundred dollars of assessed value. 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 purposed stated. Interest earned on the investment of these funds is credited to the Borough of Clementon Open Space, Recreation and Farmland Preservation Trust Funds.

Note 16: RECAPTURE AGREEMENT

In 2012, with the support of the Borough and the County of Camden, the Camden County Improvement Authority (the "Authority") entered into an agreement with Leewood Real Estate Group/NJ ("Leewood") to develop a mixed-use community that includes 205 condominiums and/or townhome dwellings, a community center, along with the construction of 40,000 square feet of commercial space (collectively, the "Leewood Project"), located at the gateway to the Borough along the Route 30 business corridor.

Borough Council approved a "payment in lieu of tax agreement" ("PILOT") with Leewood and agreed to repay the Authority for a portion the Authority's redevelopment expenses in the amount of one million five hundred thousand dollars (\$1.5 Million) (the "Borough Share") in accordance with terms set forth in a Recapture Agreement entered into by and between the Borough and the Authority.

Note 16: RECAPTURE AGREEMENT (CONT'D)

In accordance with the Recapture Agreement, on an annual basis, until the Borough has paid the Borough Share, the Borough shall begin payment of the Borough Share to the Authority upon the Borough's receipt of Ad Valorem taxes and/or PILOT payments for the redevelopment project as follows:

For the Residential Section:

- a. 50% of the municipal share of the five-year tax abatement and exemption payments for the Residential Section.
- b. Beginning after completion of the PILOT program, 30% of the municipal share of Ad Valorem taxes for the Residential Section.

For the Commercial Section:

- a. 30% of the municipal share of the long-term PILOT payments for the Commercial Section.
- b. Beginning after completion of the PILOT program, 30% of the municipal share of Ad Valorem taxes for the Commercial Section.

For the year ending December 31, 2022, the Borough did not collect any annual installment for the Recapture Agreement.

Note 17: CONTINGENCIES

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

Note 18: CONCENTRATIONS

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

Note 19: LOAN GUARANTEE

In accordance with a Dam Restoration Loan Agreement with the State of New Jersey for the rehabilitation of the Clementon lake dam, executed on December 19, 2006, and subsequently assigned on October 18, 2011, the Borough is identified as a co-borrower for the Dam Restoration Loan originally issued to the borrower in 2006 to fund the project. As co-borrower for such loan, the Borough has irrevocably pledged its full faith and credit and covenants to exercise its taxing powers for the punctual payment of the principal of the loan and all other amounts due under the Loan Agreement in the event that the Borrower defaults under the Loan Agreement. As of the date of this report, the borrower has made all required payments on the loan and the outstanding principal balance of the loan is \$144,720.65. This outstanding loan balance is not included in the gross debt of the Borough. The final maturity of the loan is January 5, 2027.

Note 20: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Date of Adoption</u>	<u>Debt Authorization</u>
General Improvements		
Completion of Various Capital Improvements and the Acquisition of Various Capital Equipment	6/20/2023	\$ 733,875.00
Water Utility Improvements		
Completion of Various Improvements and the Acquisition of Various Equipment for the Water Utility	6/20/2023	517,750.00
Sewer Utility Improvements		
Completion of Various Improvements and the Acquisition of Equipment for the Sewer Utility	6/20/2023	<u>237,500.00</u>
		<u>\$ 1,489,125.00</u>

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Borough’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Borough is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2023.

APPENDIX C
FORM OF BOND COUNSEL OPINION



September 27, 2023

Mayor and Borough Council
of the Borough of Clementon
Municipal Building
101 Gibbsboro Road
Clementon, New Jersey

RE: \$8,997,000 BOROUGH OF CLEMENTON, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2023

Mayor and Council Members:

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

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on August 15, 2023 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on September 13, 2023 ("Award Certificate").

The Bonds are dated their date of delivery, mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable semi-annually on March 1 and September 1, commencing March 1, 2024, in each year until maturity or earlier redemption.

<u>Year</u>	<u>General Improvement</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>	<u>Interest Rate</u>
2024	\$239,000	\$214,000	\$39,000	\$492,000	%
2025	240,000	215,000	45,000	500,000	
2026	390,000	225,000	45,000	660,000	
2027	400,000	235,000	45,000	680,000	
2028	415,000	325,000	60,000	800,000	
2029	430,000	335,000	60,000	825,000	
2030	445,000	345,000	65,000	855,000	
2031	460,000	360,000	65,000	885,000	
2032	475,000	370,000	70,000	915,000	
2033	475,000	385,000	70,000	930,000	
2034	0	395,000	75,000	470,000	
2035	0	410,000	75,000	485,000	
2036	0	425,000	75,000	500,000	

COUNSEL WHEN IT MATTERS.SM



The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to their stated maturity dates.

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

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the Borough given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

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

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

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

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

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and 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



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

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.



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

4. Interest on the Bonds and any gain from the sale thereof 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 Bonds.

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of September 2023 between the Borough of Clementon, County of Camden, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2023, in the principal amount of \$8,997,000 ("Bonds"). The Bonds shall consist of: (i) \$3,969,000 aggregate principal amount of General Improvement Bonds; (ii) \$4,239,000 aggregate principal amount of Water Utility Bonds; and (iii) \$789,000 aggregate principal amount of Sewer Utility Bonds.

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

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

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

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

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

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

"Dissemination Agent" shall mean Phoenix Advisors, LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Borough dated September __, 2023, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2023). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) 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 obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Borough shall within seven (7) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection

¹ The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

(c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13) or (14) of subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

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

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

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

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

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the

United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Clementon
101 Gibbsboro Road
Clementon, New Jersey 08021
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505

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

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

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

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

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

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

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

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF CLEMENTON, NEW JERSEY

By: _____
DEBRA DIMATTIA, Chief Financial Officer

**PHOENIX ADVISORS LLC,
as Dissemination Agent**

By: _____
SHERRY TRACEY, Senior Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

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

Name of Bond Issues Affected: General Obligation Bonds, Series 2023

Date of Issuance of the Affected
Bond Issue: September __, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated September __, 2023, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

PHOENIX ADVISORS LLC,
as Dissemination Agent

cc: Borough of Clementon, New Jersey