

PRELIMINARY OFFICIAL STATEMENT DATED JULY 17, 2024

NEW ISSUE

NOT RATED

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Notes (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Notes and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$14,896,609

**BOROUGH OF BELLMAWR
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2024, SERIES A**

Consisting of:

\$6,342,487 General Improvement Notes

\$8,554,122 Water Utility Notes

(BOOK-ENTRY ONLY) (NON-CALLABLE)

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

Dated: Date of Delivery

Due: August 4, 2025

The \$14,896,609 Bond Anticipation Notes of 2024, Series A ("Notes"), are general obligations of the Borough of Bellmawr, County of Camden, New Jersey ("Borough"), payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein. The Notes consist of: (i) \$6,342,487 principal amount of General Improvement Notes; and (ii) \$8,554,122 principal amount of Water Utility Notes.

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

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 02:01-19, 04:10-20, 05:13-20, 05:14-20, 05:15-20, 03:08-21, 05:12-21, 08:15-21, 10:17-21, 02:01-22, 03:03-22, 03:05-22, 05:07-22, 05:08-22, 02:02-23, 04:05-23, 04:06-23, 02:02-24, 05:07-24, and 05:08-24, each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July __, 2024.

The Notes are being issued by the Borough to provide funds which will be used to: (i) currently refund the Borough's outstanding Bond Anticipation Notes of 2023, Series A, maturing on August 6, 2024; (ii) temporarily finance the costs of various capital projects for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

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

The Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Howard Long, Esquire, of the law firm Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor to the Borough in connection with the Notes. The Notes are expected to be available for delivery in definitive form through DTC in New York, New York on or about August 5, 2024.

BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE BOROUGH ON JULY 24, 2024 UNTIL 11:00 AM ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM. FOR MORE DETAILS ON HOW TO BID PLEASE VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET.

* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP numbers listed above for the Notes are being provided solely for the convenience of holders of the Notes only at the time of issuance of the Borough. The Borough does not make any representations with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity of the Note is subject to being changed after the issuance of the Note as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

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

Mayor and Borough Council

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

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

**Borough Clerk
Francine M. Wright**

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

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

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

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

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

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

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

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

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

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

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OFFICIAL STATEMENT
Relating to
\$14,896,609
BOROUGH OF BELLMAWR
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2024, SERIES A
Consisting of:
\$6,342,487 General Improvement Notes
\$8,554,122 Water Utility Notes
(BOOK-ENTRY ONLY) (NON-CALLABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Bellmawr, County of Camden, New Jersey (“Borough”), in connection with the sale and the issuance of its \$14,896,609 Bond Anticipation Notes of 2024, Series A (“Notes”). The Notes consist of: (i) \$6,342,487 principal amount of General Improvement Notes; and (ii) \$8,554,122 principal amount of Water Utility Notes. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

THE NOTES

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

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

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

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (“Local Bond Law”); (ii) bond ordinances 02:01-19, 04:10-20, 05:13-20, 05:14-20, 05:15-20, 03:08-21, 05:12-21, 08:15-21, 10:17-21, 02:01-22, 03:03-22, 03:05-22, 05:07-22, 05:08-22, 02:02-23, 04:05-23, 04:06-23, 02:02-24, 05:07-24, and 05:08-24 (collectively, the “Bond Ordinances”), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July __, 2024.

The Notes are being issued by the Borough to provide funds which will be used to: (i) currently refund the Borough’s Bond Anticipation Notes of 2023, Series A, maturing on August 6, 2024; (ii) temporarily finance the costs of various capital projects for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The following table sets forth certain information with respect to the Bond Ordinances authorizing the Notes.

General Improvement Notes

Ordinance Number	Amount Authorized	Notes Outstanding	Available Funds	Notes to be Issued
05:13-20*	\$17,471,176	\$193,839	\$47,500	\$146,339
05:14-20†	1,458,250	958,250	43,636	914,614
05:12-21	1,079,250	779,250	29,033	750,217
08:15-21	175,750	175,750	0	175,750
10:17-21	765,558	765,558	0	765,558
02:01-22	282,120	76,000	0	76,000
05:07-22	966,368	966,368	0	966,368
04:05-23	995,600	995,600	0	995,600
04:10-20	501,408	166,056	0	166,056
03:08-21	27,377	26,535	0	26,535
05:07-24	1,359,450	0	0	1,359,450
Total	\$25,082,307	\$5,103,206	\$120,169	\$6,342,487

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

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

Water Utility Notes

Ordinance Number	Amount Authorized	Notes Outstanding	Available Funds	Notes to be Issued
05:15-20	\$1,050,000	\$1,050,000	\$0	\$1,050,000
05:12-21	1,079,250	300,000	11,178	288,822
02:01-22	282,120	140,000	0	140,000
03:05-22	500,000	500,000	0	500,000
03:03-22	850,000	850,000	0	850,000
05:08-22	1,100,000	1,100,000	0	1,100,000
02:02-23	500,000	500,000	0	500,000
04:06-23	900,000	900,000	0	900,000
02:01-19	448,000	25,300	0	25,300
02:02-24	2,000,000	0	0	2,000,000
05:08-24	1,200,000	0	0	1,200,000
Total	\$9,909,370	\$5,365,300	\$11,178	\$8,554,122

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Discontinuation of Book-Entry Only System

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

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

SECURITY AND SOURCE OF PAYMENT

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

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

MARKET PROTECTION

The Borough does not anticipate issuing any bonds within the next ninety (90) days. The Borough may issue additional bond anticipation notes, as necessary, during the balance of calendar year 2024.

GENERAL INFORMATION REGARDING THE BOROUGH

General

The Borough is located in the County of Camden, New Jersey ("County"). General information concerning the Borough, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Borough for the years ended December 31, 2023, 2022, 2021, 2020 and 2019. The financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

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

Local Bond Law

General – The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or

amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

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

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

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

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

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

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

Local Fiscal Affairs Law

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

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

An independent examination of the Borough’s books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvement of the municipality’s financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2023 is on file with the Borough Clerk and is available for review during business hours, and is available online at the Borough’s website: www.bellmawr.com.

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

The Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State, as amended and supplemented (“Local Budget Law”), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a “cash basis” budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified his approval thereof.

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

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

agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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

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

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

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

Miscellaneous Revenues

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

from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit.” Such determination may be made by the governing body and the Chief Financial Officer in any year during which the municipality is subject to local examination.

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

Real Estate Taxes

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

Current Year Tax Levy and Reserve for Uncollected Taxes – The current year’s taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled “Reserve for Uncollected Taxes”, less the total of anticipated revenues. The inclusion of the “Reserve for Uncollected Taxes” appropriation in the current year’s budget protects the municipality from taxes currently unpaid. The “Reserve for Uncollected Taxes” is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq. in accordance with Chapter 56 of P.L. 2010.

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Operations of Utility

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received

under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the

municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE BOROUGH EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE NOTES.

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 80.12%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Borough was effective for the year 2009.

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

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

Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded

within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

LITIGATION

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

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

In rendering its opinion, Bond Counsel has relied on the Borough's covenants contained in the bond ordinances, and in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest on the Notes.

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

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

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

CONTINUING DISCLOSURE

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

The Borough has complied with all continuing disclosure requirements for the past five years. The Borough has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey to act as dissemination agent (the "Dissemination Agent") to the Borough to assure future compliance with the Rule.

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

NO DEFAULT

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

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

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

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

Pursuant to the funding methodology under the Plan, the Borough received \$1,188,930.11 in funding ("Plan Funds"). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) to replace lost public sector revenue; (ii) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (iii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iv) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough prior to the emergency; and (v) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

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

Cyber Security

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

Climate Change

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters, 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 impact 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 Notes have been purchased from the Borough at a public sale by _____, _____ (“Underwriter”) at a price of \$ _____ (“Purchase Price”). The Purchase Price reflects the par amount of the Notes plus a bid premium of \$ _____.

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

MUNICIPAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

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

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

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

LEGALITY FOR INVESTMENT

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

PREPARATION OF OFFICIAL STATEMENT

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

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

Bowman & Company LLP compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP, Voorhees, New Jersey, only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

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

ADDITIONAL INFORMATION

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

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

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

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

BOROUGH OF BELLMAWR, NEW JERSEY

By: _____
MARIA A. FASULO, Chief Financial Officer

Dated: July __, 2024

APPENDIX A

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

GENERAL INFORMATION ON THE BOROUGH

History

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

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

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

Library

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

Public Safety

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

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

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

Sewer Service Usage Charges

The Borough residents pay an annual sewer bill of \$62.00. This amount had remained since 2013. The Borough residents also pay an annual fee of \$372.00 payable in four (4) quarterly installments of \$93.00 to the CCMUA. Commercial users are assessed based on the number of employees, therefore, the amount assessed varies per each business.

Improvements recently authorized during 2022 and 2023 include various improvements and upgrades to the Borough sewer station.

Water Utility

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

The Water Department facilities include the following:

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

Previous improvements to the water system have included the following:

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

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

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

Site Remediation

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

Borough Employees

	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Full-time	87	82	75	77	87
Part-time	<u>65</u>	<u>75</u>	<u>63</u>	<u>70</u>	<u>75</u>
Total	<u>152</u>	<u>157</u>	<u>148</u>	<u>147</u>	<u>162</u>

Employee Collective Bargaining Units

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

Compensated Absences

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

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

The Borough does not record accrued expenses related to compensated absences. (For additional information regarding compensated absences, see Appendix B: Audited Financial Statements, Note 12).

Pension Plans

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

Borough Population

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

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

Selected Census 2022 Data ⁽¹⁾

Median household income	\$71,935
Per capita income	\$37,352

Labor Force ⁽¹⁾

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Borough					
Labor Force	6,393	6,272	6,188	6,192	5,864
Employment	6,079	6,010	5,740	5,541	5,636
Unemployment	314	262	448	651	228
Unemployment Rate	4.9%	4.2%	7.2%	10.5%	3.9%
County					
Labor Force	276,187	270,737	266,980	265,237	253,053
Employment	262,852	259,883	248,194	239,598	242,811
Unemployment	13,335	10,854	18,786	25,639	10,242
Unemployment Rate	4.8%	4.0%	7.0%	9.7%	4.0%
State					
Labor Force	4,829,671	4,739,800	4,666,100	4,650,300	4,686,300
Employment	4,615,722	4,564,100	4,357,200	4,212,400	4,524,300
Unemployment	213,949	175,700	308,900	437,900	162,000
Unemployment Rate	4.4%	3.7%	6.6%	9.4%	3.5%

Business and Industry ⁽²⁾

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

Building, Zoning and Development Codes ⁽²⁾

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

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

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

⁽¹⁾ Source: New Jersey Department of Labor.

⁽²⁾ Source: Borough officials.

Building Permits ⁽¹⁾

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2024 ⁽²⁾	151	\$2,601,473
2023	391	5,144,604
2022	384	5,848,566
2021	492	6,638,973
2020	465	12,586,469
2019	477	12,457,262

MAJOR PRIVATE SECTOR EMPLOYERS IN THE COUNTY⁽³⁾

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

INFORMATION ON THE SCHOOL DISTRICT ⁽⁴⁾

History and Education

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

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

⁽¹⁾ Source: Borough Construction Office.
⁽²⁾ As of June 30, 2024
⁽³⁾ Source: Camden County
⁽⁴⁾ Source: Local School District Officials.

Local School District School Enrollments ⁽¹⁾

<u>Grade</u>	<u>2023</u>	<u>October 15,</u>			<u>2020</u>	<u>2019</u>
		<u>2022</u>	<u>2021</u>			
PK	125	129	132	133	149	
K	108	104	112	109	99	
1	107	122	107	98	93	
2	119	99	93	86	113	
3	103	99	79	116	104	
4	90	85	98	105	100	
5	81	103	104	96	106	
6	108	105	100	101	103	
7	106	101	86	105	105	
8	102	93	101	103	108	
Sp. Ed.	135	136	130	131	128	
TOTALS	<u>1,184</u>	<u>1,176</u>	<u>1,142</u>	<u>1,183</u>	<u>1,208</u>	

Present School Facilities, Enrollment and Capacity ⁽¹⁾

<u>Facility</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/23</u>	<u>Functional Capacity</u>
Ethel M. Burke	1889	1956	K-4	232	451
Bellmawr Park	1943	1953	Pre-K-4	473	762
Bell Oaks	1969	1971	5-8	449	1,057

Black Horse Pike Regional High School Enrollments ⁽²⁾

<u>Grade</u>	<u>Oct. 15,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
9	788	734	751	727	731
10	667	741	721	720	712
11	690	668	700	689	746
12	657	701	710	737	699
Special Education	<u>547</u>	<u>604</u>	<u>652</u>	<u>638</u>	<u>586</u>
Totals	<u>3,349</u>	<u>3,448</u>	<u>3,534</u>	<u>3,511</u>	<u>3,474</u>

⁽¹⁾ Source: Local School District Officials.

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

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

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 2023-2024 school year, there were approximately 3,922 undergraduate students and 1,854 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 2024, full time enrollment was 3,508 and part-time enrollment was 7,598 for a total of 11,106.

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 2023-2024 school year, 1,417 students are enrolled at the Gloucester Township Campus, and 766 at the Pennsauken Campus. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

(1) Source: School District officials

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2024 Assessed Valuation</u>
Mutual Housing Corp.	Apartments	\$ 27,336,000
MH II 151 Benigno LLC	Industrial Building	12,739,000
East Coast Hyde Park Apts. LLC	Apartments	11,500,000
CIVF VI - NJ2M01 LLC	Industrial Building	8,148,200
ESS Storage Acquisition Sixty Six	Storage Units	7,949,400
South Penn\\Wessex Mgt LLC	Apartments	7,500,000
281 Benigno Blvd LLC	Delivery Warehouse	6,923,700
FRG-X-NJ1 LP % Faropoint Ventures	Name brand distributor	6,392,300
45 Heller Road LLC	Freight Trucking	6,155,500
Extra Space Properties Ninety Seven	Storage Units	6,000,000

CURRENT TAX COLLECTIONS(2)

<u>Year</u>		<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2023	(3) \$	30,831,273	\$ 30,624,254	99.32%	\$ 372,526	1.21%
2022	(3)	31,074,845	30,531,539	98.25%	503,297	1.62%
2021	(3)	30,884,480	30,630,742	99.17%	298,893	0.97%
2020		30,343,083	29,823,811	98.29%	477,588	1.57%
2019		29,894,292	29,159,901	97.54%	671,447	2.25%

DELINQUENT TAXES(2)

<u>Year</u>		<u>Outstanding January 1</u>	<u>Added</u>	<u>Collected</u>		<u>Other Credits</u>	<u>Outstanding December 31</u>
				<u>Amount</u>	<u>Percentage</u>		
2023	(3) \$	651,854	\$ 194,791	\$ 772,755	91.27%	\$ 6,247	\$ 67,643
2022	(3)	315,875	492,059	635,583	78.67%	23,794	148,557
2021	(3)	486,833	66,407	529,928	95.79%	6,330	16,982
2020		676,595	2,108	649,985	95.77%	19,473	9,245
2019		566,677	791	562,320	99.09%		5,148

(1) Source: Borough Tax Assessor

(2) Source: Annual Reports of Audit

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

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Canceled</u>	<u>Balance December 31</u>
2023	(2) \$ 93,917	\$ 4,939		\$ 44	\$ 98,812
2022	94,026	6,693	\$ 6,802		93,917
2021	89,355	4,671			94,026
2020	84,750	4,605			89,355
2019	80,559	4,191			84,750

FORECLOSED PROPERTY (1)

The Borough did not have any foreclosed property from 2019 through 2023.

WATER UTILITY COLLECTIONS(1)

<u>Year</u>	<u>Balance January 1</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2023	\$ 124,031	\$ 1,836,104	\$ 1,861,005	94.94%	\$ 99,130	5.40%
2022	113,578	1,691,626	1,681,173	93.13%	124,031	7.33%
2021	79,268	1,421,562	1,387,252	92.43%	113,578	7.99%
2020	154,520	1,239,220	1,314,471	94.31%	79,268	6.40%
2019	100,523	1,225,161	1,171,164	88.34%	154,520	12.61%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(3)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (4)</u>			
			<u>Municipal</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>
2024	\$ 825,642,300	N/A	N/A	N/A	N/A	N/A
2023	814,458,600	\$ 3.776	\$ 1.204	\$ 0.835	\$ 1.241	\$ 0.496
2022	794,088,600	3.824	1.185	0.835	1.280	0.524
2021	788,494,700	3.899	1.185	0.893	1.295	0.526
2020	783,621,800	3.844	1.185	0.839	1.291	0.529
2019	783,550,100	3.805	1.166	0.850	1.266	0.523

- (1) Source: Annual Reports of Audit
- (2) Collections include Reverse Appeals Billed for Current and Delinquent Taxes
- (3) Source: Borough Tax Collector
- (4) Per \$100 of assessed valuation

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita</u>	<u>Population (2)</u>
2024	\$ 825,642,300	80.12%	\$ 1,030,507,114	\$ 87,897	11,724
2023	814,458,600	89.39%	911,129,433	77,715	11,724
2022	794,088,600	94.70%	838,530,729	71,774	11,683
2021	788,494,700	95.21%	828,163,743	70,880	11,684
2020	783,621,800	101.44%	772,497,831	65,986	11,707

REAL PROPERTY CLASSIFICATION(3)

<u>Year</u>	<u>Assessed Value of Land and</u>					
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2024	\$ 825,642,300	\$ 7,734,100	\$ 569,911,800	\$ 81,180,600	\$109,532,700	\$ 57,283,100
2023	814,458,600	8,702,200	567,295,500	80,064,000	101,113,800	57,283,100
2022	794,088,600	8,946,600	566,595,800	72,532,200	88,730,900	57,283,100
2021	788,494,700	7,321,200	566,225,000	73,992,700	84,685,200	56,270,600
2020	783,621,800	7,219,000	565,967,900	69,416,300	84,693,200	56,325,400

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

(2) Based on Estimates from the New Jersey Department of Labor for all years except 2020, which is based on the 2020 Census.

(3) Source: Borough Tax Assessor

**BOROUGH OF BELLMAWR
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2023**

The following table summarizes the direct debt of the Borough of Bellmawr as of December 31, 2023 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include school debt, reserve to pay debt, and debt considered to be self-liquidating. The resulting net debt of \$11,898,662 represents 1.30% of the average of equalized valuations for the Borough for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Deductions				
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>	<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>School Debt</u>	<u>Self- Liquidating Utility</u>	<u>Reserve for Payment of Debt</u>	<u>Net Debt</u>
General	\$ 5,640,000	\$ 1,020,325	\$ 5,103,206	\$ 249,621	\$ 12,013,152			\$ 114,490	\$ 11,898,662
School - Local	1,833,000				1,833,000	\$ 1,833,000			
Water Utility	5,940,000	349,838	5,365,300	80,934	11,736,072		\$ 11,736,072		
	<u>\$ 13,413,000</u>	<u>\$ 1,370,162</u>	<u>\$ 10,468,506</u>	<u>\$ 330,555</u>	<u>\$ 25,582,224</u>	<u>\$ 1,833,000</u>	<u>\$ 11,736,072</u>	<u>\$ 114,490</u>	<u>\$ 11,898,662</u>

Source: Borough Records
As of: December 31, 2023

DEBT RATIOS AND VALUATIONS (1) (2)

Average of Equalized Valuations of Real Property with Improvements for 2021, 2022 and 2023	\$	912,504,612
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2021, 2022 and 2023		1.30%
2023 Net Valuation Taxable	\$	814,458,600
2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	911,129,433
Gross Debt (3):		
As a percentage of 2023 Net Valuation Taxable		3.14%
As a percentage of 2023 Equalized Valuations		2.81%
Net Debt (3):		
As a percentage of 2023 Net Valuation Taxable		1.46%
As a percentage of 2023 Equalized Valuations		1.31%
Gross Debt Per Capita (4)	\$	2,182
Net Debt Per Capita (4)		1,015

BOROUGH BORROWING CAPACITY (1) (2)

3.5% of Averaged (2021-2023) Equalized Valuation of Real Property including Improvements (\$912,504,612)	\$	31,937,661
Net Debt		<u>11,898,662</u>
Remaining Borrowing Capacity	\$	<u>20,038,999</u>

LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1) (5)

3% of Averaged (2021-2023) Equalized Valuation of Real Property including Improvements (\$912,504,612)	\$	27,375,138
Local School Debt		<u>1,833,000</u>
Remaining Borrowing Capacity	\$	<u>25,542,138</u>

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

3% of Averaged (2021-2023) Equalized Valuation of Real Property including Improvements (\$7,279,003,096)	\$	218,370,093
Regional School Debt		<u>-</u>
Remaining Borrowing Capacity	\$	<u>218,370,093</u>

(1) As of December 31, 2023

(2) Source: Borough Records

(3) Excluding overlapping debt

(4) Based on Estimates from the New Jersey Department of Labor

(5) Source: Borough Annual Debt Statement

**BOROUGH OF BELLMAWR
OVERLAPPING DEBT
AS OF DECEMBER 31, 2023**

	<u>Debt Issued</u>				Debt Authorized but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Camden:					
General:					
Bonds	\$ 63,215,196	\$ 25,514,196 (1)	\$ 37,701,000	\$ 716,319 (3)	\$ 71,990,250
Notes	27,980,000		27,980,000	531,620 (3)	
Loan Agreements	335,270,000		335,270,000	6,370,130 (3)	
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>225,287,067</u>	<u>225,287,067 (2)</u>			
	<u>\$ 651,752,263</u>	<u>\$ 250,801,263</u>	<u>\$ 400,951,000</u>	<u>\$ 7,618,069</u>	<u>\$ 71,990,250</u>

Source: County of Camden

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

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

(3) Such debt is allocated as a proportion of the Issuer's share of the total 2023 Net Valuation on which County taxes are apportioned, which is 1.90%.

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, 2023 for the CCMUA was \$208,733,984 (unaudited). The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

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

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

Year	General			Water Utility			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Grand Total
2024	\$ 1,083,476	\$ 108,808	\$ 1,192,283	\$ 177,629	\$ 118,519	\$ 296,148	\$ 1,261,105	\$ 227,326	\$ 1,488,431
2025	972,717	93,158	1,065,874	182,629	117,444	300,073	1,155,346	210,601	1,365,947
2026	905,717	73,758	979,474	182,629	115,494	298,123	1,088,346	189,251	1,277,597
2027	744,717	58,938	803,654	187,629	113,544	301,173	932,346	172,481	1,104,827
2028	744,717	51,538	796,254	187,629	111,544	299,173	932,346	163,081	1,095,427
2029	744,717	44,138	788,854	192,629	109,544	302,173	937,346	153,681	1,091,027
2030	724,266	29,638	753,904	197,629	105,844	303,473	921,896	135,481	1,057,377
2031	720,000	15,138	735,138	197,629	102,044	299,673	917,629	117,181	1,034,811
2032	10,000	638	10,638	202,629	98,238	300,867	212,629	98,875	311,504
2033	10,000	325	10,325	207,629	94,325	301,954	217,629	94,650	312,279
2034				217,629	90,300	307,929	217,629	90,300	307,929
2035				217,629	86,000	303,629	217,629	86,000	303,629
2036				222,629	81,700	304,329	222,629	81,700	304,329
2037				227,629	77,300	304,929	227,629	77,300	304,929
2038				232,629	72,800	305,429	232,629	72,800	305,429
2039				242,629	68,200	310,829	242,629	68,200	310,829
2040				247,629	63,400	311,029	247,629	63,400	311,029
2041				252,629	58,500	311,129	252,629	58,500	311,129
2042				257,629	53,500	311,129	257,629	53,500	311,129
2043				264,881	48,400	313,281	264,881	48,400	313,281
2044				265,000	43,100	308,100	265,000	43,100	308,100
2045				270,000	37,381	307,381	270,000	37,381	307,381
2046				280,000	31,556	311,556	280,000	31,556	311,556
2047				285,000	25,519	310,519	285,000	25,519	310,519
2048				295,000	19,375	314,375	295,000	19,375	314,375
2049				295,000	13,019	308,019	295,000	13,019	308,019
2050				300,000	6,750	306,750	300,000	6,750	306,750
	<u>\$ 6,660,325</u>	<u>\$ 476,073</u>	<u>\$ 7,136,397</u>	<u>\$ 6,289,838</u>	<u>\$ 1,963,338</u>	<u>\$ 8,253,175</u>	<u>\$ 12,950,162</u>	<u>\$ 2,439,410</u>	<u>\$ 15,389,572</u>

Source: Borough Records
(1) As of: December 31, 2023
(2) Bonded Debt and Loans

**BOROUGH OF BELLMAWR
2024 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 2,722,000.00
Miscellaneous Revenues:	
Local Revenues	854,000.00
State Aid without Offsetting Appropriations	1,356,573.12
Dedicated Uniform Construction Code Fees	130,000.00
Shared Service Agreements	485,089.12
Public and Private Programs Offset with Appropriations	60,123.94
Other Special Items Offset with Appropriations	1,825,647.92
Receipts from Delinquent Taxes	350,000.00
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax	<u>10,104,222.81</u>
Total Anticipated Revenues	<u>\$ 17,887,656.91</u>
Appropriations:	
Within CAPS:	
Operations	\$ 12,995,471.04
Deferred Charges and Statutory Expenditures	1,815,921.00
Excluded from CAPS:	
Other Operations	81,741.00
Interlocal Municipal Service Agreements	485,089.12
Public and Private Programs	60,123.94
Capital Improvements	70,000.00
Debt Service	1,542,452.51
Deferred Charges	5,074.16
Reserve for Uncollected Taxes	<u>831,784.14</u>
Total Appropriations	<u>\$ 17,887,656.91</u>

**BOROUGH OF BELLMAWR
2024 MUNICIPAL BUDGET**

WATER UTILITY FUND

Anticipated Revenues:	
Operating Fund Balance	\$ 575,385.00
Rents	<u>1,579,112.50</u>
Total Anticipated Revenues	<u>\$ 2,154,497.50</u>
Appropriations:	
Operating	\$ 1,334,348.50
Debt Service	651,649.00
Deferred Charges	105,000.00
Statutory Expenditures	<u>63,500.00</u>
Total Appropriations	<u>\$ 2,154,497.50</u>

**BOROUGH OF BELLMAWR
CAPITAL PROGRAM FOR THE YEARS 2024 - 2029**

	Estimated Total <u>Cost</u>	Capital Improvement <u>Fund</u>	Grants-in-Aid and Other <u>Funds</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self- Liquidating</u>
<u>General Improvements</u>					
Road Reconstruction	\$ 864,255	\$ 43,213		\$ 821,042	
Street Sweeper	335,000	16,750		318,250	
Replace Garage Doors	25,000	1,250		23,750	
Hockey Complex Improvements	50,000	2,500		47,500	
Booth Drive Pump Station Aurora Pump	120,000	6,000		114,000	
F-350 2024 4WD Pick Up	45,000	2,250		42,750	
Ambulance Replacement	300,000	15,000		285,000	
Recscue Tool/Airbag Replacement	180,000	9,000		171,000	
Drones -OEM	65,000	3,250		61,750	
Tasers	85,000	4,250		80,750	
Public Works Equipment	610,000	30,500		579,500	
Stormwater Management	375,000	18,750		356,250	
Sewer Force Main Upgrades	150,000	7,500		142,500	
Sewer Equipment	110,000	5,500		104,500	
Reconstruction of Roads	1,140,000	57,000		1,083,000	
Police Mobile Camera System	50,000	2,500		47,500	
Purchase of Traffic Safety Devices	90,000	4,500		85,500	
Replacement of Portable Radio	60,000	3,000		57,000	
Purchase of Mark Utility Patrol Vehicle	45,000	2,250		42,750	
Ambulance Replacement	300,000	15,000		285,000	
Structural Firefighting PPE	60,000	3,000		57,000	
High Pressure Airbag Replacement	35,000	1,750		33,250	
OEM Highwater Vehicle Replacement	250,000	12,500		237,500	
<u>Water Utility</u>					
Improvements to the Water Utility System	2,000,000				\$ 2,000,000
Water Main Replacements WQAA	1,200,000				1,200,000
Replacement of Utility Vehicle	90,000				90,000
Replacement of Water Mains	1,410,900				1,410,900
Fire Hydrants	60,000				60,000
Total - All Projects	\$ 10,105,155	\$ 267,213	\$ -	\$ 5,077,042	\$ 4,760,900

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF BELLMAWR

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2023, 2022, 2021, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2023, 2022, 2021, 2020 and 2019, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2023, 2022, 2021, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

10500

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Respectfully submitted,

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

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

Voorhees New Jersey
June 24, 2024

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

ASSETS	As of December 31,				
	2023	2022	2021	2020	2019
Regular Fund:					
Cash and Investments	\$ 5,054,332.69	\$ 5,046,427.67	\$ 4,295,052.37	\$ 4,701,114.50	\$ 4,537,739.19
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	440,168.60	651,853.88	315,875.41	486,832.78	676,595.26
Tax Title Liens Receivable	98,811.99	93,916.65	94,026.13	89,355.12	84,750.02
Prepaid Regional High School Tax	6.94	4.48			
Other Accounts Receivable	107,498.19	846,664.91	777,029.47	724,307.16	630,627.49
Interfunds Receivable	8,959.39	32,489.45	1,841.99	8,674.92	2,033.62
Deferred Charges:					
Emergency Appropriation					18,650.00
Total Current Fund	5,709,777.80	6,671,357.04	5,483,825.37	6,010,284.48	5,950,395.58
Federal and State Grant Fund:					
Cash	718,141.37	723,759.25	734,205.56	166,002.66	158,689.60
Federal and State Grants Receivable	517,928.81	132,820.01	94,656.54	71,129.42	84,876.28
Interfunds Receivable	57.85	57.85	57.85	57.85	57.85
Total Federal and State Grant Fund	1,236,128.03	856,637.11	828,919.95	237,189.93	243,623.73
	\$ 6,945,905.83	\$ 7,527,994.15	\$ 6,312,745.32	\$ 6,247,474.41	\$ 6,194,019.31
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Liabilities and Reserves:					
Appropriation Reserves	\$ 601,321.10	\$ 382,538.00	\$ 389,642.75	\$ 672,409.77	\$ 729,068.29
Reserve for Encumbrances	16,583.19	92,618.45	149,935.58	152,156.94	35,825.44
Accounts Payable	18,794.59	2,667.24	2,245.57	1,645.57	170.70
Reserve for Tax Revaluation and Preparation of Tax Map	10,416.80	10,416.80	15,314.80	15,314.80	15,314.80
Tax Overpayments	21,351.12	30,842.66	55,194.15	526.20	1,572.95
Sewer Overpayments	3,117.31	1,609.81	671.18	645.88	625.49
Reserve for Police Records Management	19,387.67	25,637.67	29,362.67	26,362.67	34,477.52
Reserve for Municipal Relief Fund	126,764.12	63,395.65			
Prepaid Taxes	244,904.71	314,600.99	278,850.45	310,698.04	234,763.47
Prepaid Sewer Rents	12,694.76	137,176.10	16,301.87	6,497.77	5,728.24
Due to the State of New Jersey	19,316.69	24,681.69	37,842.18	35,904.96	34,457.85
Due County for Added and Omitted Taxes	17,093.07	76,641.13	32,308.10	18,802.87	17,933.71
Due Bellmawr Housing	30.00	30.00	30.00	30.00	30.00
Due to CCMUA	1,372.45		849.16	849.16	
Local School District Taxes Payable	2.50	2.50	2.50	2.50	
Regional High School Taxes Payable					0.52
Interfunds Payable	323,386.25	162,679.54	294,314.76	532,966.36	664,302.81
Reserves for Receivables and Other Assets	655,445.11	1,624,929.37	1,188,773.00	1,309,169.98	1,394,006.39
Fund Balance	3,617,796.36	3,720,889.44	2,992,186.65	2,926,301.01	2,782,114.90
Total Current Fund	5,709,777.80	6,671,357.04	5,483,825.37	6,010,284.48	5,950,395.58
Federal and State Grant Fund:					
Reserve for Encumbrances		77,555.96	4,058.48	4,481.00	9,860.00
Appropriated Reserves	614,994.22	149,730.57	215,947.08	149,739.98	126,893.30
Unappropriated Reserves	45,703.81	629,350.58	608,914.39	43,180.55	67,082.03
Interfund Payables	575,430.00			39,788.40	39,788.40
Total Federal and State Grant Fund	1,236,128.03	856,637.11	828,919.95	237,189.93	243,623.73
	\$ 6,945,905.83	\$ 7,527,994.15	\$ 6,312,745.32	\$ 6,247,474.41	\$ 6,194,019.31

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

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

	For the Years Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME REALIZED:					
Fund Balance Utilized	\$ 2,335,000.00	\$ 1,746,785.00	\$ 1,724,615.00	\$ 1,745,000.00	\$ 1,408,000.00
Miscellaneous Revenue Anticipated	6,388,173.68	5,561,199.50	4,193,002.57	4,072,841.67	3,762,944.69
Receipts from Delinquent Taxes	776,164.24	642,385.43	529,927.90	649,984.61	562,320.44
Receipts from Current Taxes	30,624,253.67	30,531,538.62	30,630,742.30	29,823,810.92	29,159,900.56
Non-Budget Revenues	350,247.23	466,314.14	309,451.80	597,742.52	352,313.14
Other Credits to Income	217,772.71	318,342.49	574,033.89	492,929.60	324,172.09
Liquidation of Reserves for Interfunds and Other Receivables	36,380.35	1,789.83	9,059.02	32,955.38	363,654.54
Total Revenues	40,727,991.88	39,268,355.01	37,970,832.48	37,415,264.70	35,933,305.46
EXPENDITURES:					
Budget Appropriations:					
Operations Within "CAPS":					
Salaries and Wages	6,821,192.99	6,418,876.77	6,153,585.65	6,105,384.93	5,817,014.95
Other Expenses	5,626,986.00	5,213,515.16	5,045,739.00	5,062,391.64	4,574,279.64
Statutory Expenditures Within "CAPS"	1,642,272.00	1,603,383.63	1,503,861.89	1,331,245.00	1,369,198.33
Operations Excluded From "CAPS":					
Salaries and Wages			27,000.00		
Other Expenses	1,783,914.22	595,961.89	483,444.03	439,887.52	543,867.93
Capital Improvements Excluded From "CAPS"	60,000.00	445,000.00	75,000.00	100,000.00	98,650.00
Debt Service	1,527,053.20	1,424,250.95	1,436,857.76	1,565,764.33	1,479,578.00
Deferred Charge -- Excluded From "CAPS"		19,973.11		18,650.00	
County Taxes and County Share of Added and Omitted Taxes	6,810,667.85	6,707,744.79	7,067,782.92	6,597,076.92	6,672,340.77
Local School District Tax	10,110,130.00	10,159,623.00	10,211,541.00	10,115,587.00	9,921,026.00
Regional High School Tax	4,039,738.00	4,160,116.00	4,145,692.00	4,142,322.00	4,099,707.00
Prior Year Senior Citizens and Veterans Deductions Disallowed	708.33	1,354.12	2,500.00	2,107.64	791.68
Refund of Prior Year Revenue	475.48	5,986.52	1,400.00	17,635.15	49,711.01
Cancellation of Grants Receivable	22,744.71		2,113.91		
Cancellation of Accounts Receivable			14,011.11		
Creation of Reserve for Interfunds and Other Receivables	50,202.18	37,081.28	9,802.57	28,026.46	65,973.95
Total Expenditures	38,496,084.96	36,792,867.22	36,180,331.84	35,526,078.59	34,692,139.26
Excess Revenues over Expenditures	2,231,906.92	2,475,487.79	1,790,500.64	1,889,186.11	1,241,166.20
Adjustments to Income Before Fund Balance:					
Expenditures Included above which are by Statute Deferred					
Charges to Budget of Succeeding Year					
					18,650.00
Statutory Excess to Fund Balance	2,231,906.92	2,475,487.79	1,790,500.64	1,889,186.11	1,259,816.20
FUND BALANCE:					
January 1	3,720,889.44	2,992,186.65	2,926,301.01	2,782,114.90	2,930,298.70
	5,952,796.36	5,467,674.44	4,716,801.65	4,671,301.01	4,190,114.90
Decreased by:					
Utilized in Budget	2,335,000.00	1,746,785.00	1,724,615.00	1,745,000.00	1,408,000.00
December 31	\$ 3,617,796.36	\$ 3,720,889.44	\$ 2,992,186.65	\$ 2,926,301.01	\$ 2,782,114.90

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Dog License Fund:					
Cash	\$ 2,434.33	\$ 3,612.17	\$ 5,441.39	\$ 6,093.75	\$ 7,181.73
Due from Bank	225.00				
Interfunds Receivable	148.07				
	<u>2,807.40</u>	<u>3,612.17</u>	<u>5,441.39</u>	<u>6,093.75</u>	<u>7,181.73</u>
Length of Service Award Program:					
Investments - Length of Service Awards Program	344,627.05	298,209.26	378,301.74	344,142.89	316,257.08
Other Funds:					
Cash -- Treasurer	1,288,257.75	1,210,774.72	1,461,192.31	892,890.41	727,843.93
Accounts Receivable	46,637.78	29,172.50	15,121.93	26,098.50	63,933.50
Accounts Receivable-Community Development					
Block Grant	1,185.20	11,115.32	11,115.32	11,115.32	39,465.32
Interfunds Receivable	451,520.83	386,224.83	77,858.94	99,155.58	77,666.57
Due from Bank	90.24	90.24	90.24	90.24	160.24
	<u>1,787,691.80</u>	<u>1,637,377.61</u>	<u>1,565,378.74</u>	<u>1,029,350.05</u>	<u>909,069.56</u>
	<u>\$ 2,135,126.25</u>	<u>\$ 1,939,199.04</u>	<u>\$ 1,949,121.87</u>	<u>\$ 1,379,586.69</u>	<u>\$ 1,232,508.37</u>
<u>LIABILITIES AND RESERVES</u>					
Animal Control Fund:					
Reserve for Dog Fund Expenditures	\$ 2,711.40	\$ 2,491.60	\$ 3,453.00	\$ 5,047.43	\$ 5,071.20
Due to State of New Jersey	96.00	96.00	146.40	146.40	136.80
Interfund Payable		1,024.57	1,841.99	899.92	1,973.70
Due to Bank					0.03
	<u>2,807.40</u>	<u>3,612.17</u>	<u>5,441.39</u>	<u>6,093.75</u>	<u>7,181.73</u>
Length of Service Award Program:					
Reserve for Length of Service Awards Program	344,627.05	298,209.26	378,301.74	344,142.89	316,257.08
Other Funds:					
Interfund Payable	446,366.45	214,298.89	250,057.85	57.85	57.85
Reserves and Special Deposits	1,183,501.45	1,261,985.60	1,155,443.60	858,196.70	646,866.52
Payroll Deductions Payable	60,799.35	64,068.57	62,852.74	74,070.95	165,120.64
Reserve for CDBG	97,024.55	97,024.55	97,024.55	97,024.55	97,024.55
	<u>1,787,691.80</u>	<u>1,637,377.61</u>	<u>1,565,378.74</u>	<u>1,029,350.05</u>	<u>909,069.56</u>
	<u>\$ 2,135,126.25</u>	<u>\$ 1,939,199.04</u>	<u>\$ 1,949,121.87</u>	<u>\$ 1,379,586.69</u>	<u>\$ 1,232,508.37</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 996,238.56	\$ 1,516,789.98	\$ 1,713,578.09	\$ 351,398.61	\$ 253,530.38
Accounts Receivable	2,017,815.99	2,200,229.90	953,102.62	1,347,708.20	364,237.69
Interfunds Receivable	1,131,453.63	299,792.93	274,850.64	461,838.71	669,972.22
Deferred Charges to Future Taxation:					
Funded	6,660,324.70	7,897,429.48	9,114,612.14	10,331,229.72	4,338,781.02
Unfunded	5,351,063.10	4,503,017.42	3,628,057.92	2,095,472.36	7,655,602.22
	<u>\$ 16,156,895.98</u>	<u>\$ 16,417,259.71</u>	<u>\$ 15,684,201.41</u>	<u>\$ 14,587,647.60</u>	<u>\$ 13,282,123.53</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Capital Improvement Fund	\$ 16,299.00	\$ 13,269.00	\$ 1,611.00	\$ 22,654.00	\$ 13,991.00
Interfunds Payable		312,985.24	292,550.11	9,304.25	9,304.25
Reserve for Sewer Improvements	14,404.00	389,404.00	14,404.00	14,404.00	14,404.00
Reserve for Payment of Bonds and Notes	112,725.49	54,818.94	102,318.94	149,818.94	82,233.98
Improvement Authorizations:					
Funded	1,320,001.76	1,534,311.58	1,241,811.84	1,040,499.29	232,518.72
Unfunded	2,228,311.56	1,863,449.93	2,228,456.50	1,613,103.35	1,672,062.05
Reserve for Encumbrances	180,820.62	180,820.62	287,786.57	1,095,983.74	268,731.61
Bond Anticipation Notes	5,103,206.00	3,904,876.00	1,968,700.00	278,700.00	6,622,887.00
NJEIT Loan Payable	1,020,324.70	1,477,429.48	2,024,178.58	2,622,089.86	3,212,145.82
Green Acres Loan Payable			5,433.56	16,139.86	26,635.20
General Serial Bonds	5,640,000.00	6,420,000.00	7,085,000.00	7,693,000.00	1,100,000.00
Reserve for Accounts Receivable	183,921.34	233,944.61	400,000.00		
Fund Balance	336,881.51	31,950.31	31,950.31	31,950.31	27,209.90
	<u>\$ 16,156,895.98</u>	<u>\$ 16,417,259.71</u>	<u>\$ 15,684,201.41</u>	<u>\$ 14,587,647.60</u>	<u>\$ 13,282,123.53</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash - Treasurer	\$ 1,946,458.17	\$ 2,156,434.62	\$ 1,285,551.33	\$ 1,118,367.21	\$ 933,123.99
Change Fund - Collector	50.00	50.00	50.00	50.00	50.00
Interfunds Receivable	25,755.30	214.19	139,522.88	94,735.08	33,236.51
	<u>1,972,263.47</u>	<u>2,156,698.81</u>	<u>1,425,124.21</u>	<u>1,213,152.29</u>	<u>966,410.50</u>
Receivables with Full Reserves:					
Due From Bank					3,271.00
Consumer Accounts Receivable	99,130.04	124,030.96	113,578.04	79,268.41	154,519.92
	<u>99,130.04</u>	<u>124,030.96</u>	<u>113,578.04</u>	<u>79,268.41</u>	<u>157,790.92</u>
Deferred Charges:					
Emergency Appropriation	105,000.00	-	-	-	-
	<u>\$ 2,176,393.51</u>	<u>\$ 2,280,729.77</u>	<u>\$ 1,538,702.25</u>	<u>\$ 1,292,420.70</u>	<u>\$ 1,124,201.42</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Appropriation Reserves	\$ 73,305.50	\$ 52,816.71	\$ 263,409.26	\$ 608,713.84	\$ 196,606.99
Reserves for Encumbrances	120.00	325,460.00	28,280.28	22,960.22	57,943.91
Accounts Payable	2,657.24	3,000.00			
Water Rent Prepayments	150,993.10	105,448.63	2,541.01	66,327.42	128,866.31
Water Rent Overpayments	4,142.91	1,378.83	1,799.94	1,981.81	2,306.68
Accrued Interest on Bonds, Notes and Loans	147,341.20	74,159.16	55,964.92	2,934.90	23,863.94
Interfunds Payable	246,957.07	310,822.68	102,133.96	424.50	4,303.25
	<u>625,517.02</u>	<u>873,086.01</u>	<u>454,129.37</u>	<u>703,342.69</u>	<u>413,891.08</u>
Reserves for Receivables	99,130.04	124,030.96	113,578.04	79,268.41	157,790.92
Fund Balance	<u>1,451,746.45</u>	<u>1,283,612.80</u>	<u>970,994.84</u>	<u>509,809.60</u>	<u>552,519.42</u>
	<u>\$ 2,176,393.51</u>	<u>\$ 2,280,729.77</u>	<u>\$ 1,538,702.25</u>	<u>\$ 1,292,420.70</u>	<u>\$ 1,124,201.42</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 3,065,011.39	\$ 542,135.01	\$ 1,304,458.95	\$ 2,510,906.09	\$ 318,730.55
Interfunds Receivable		283,245.86	533,245.86		
Fixed Capital	8,568,890.41	4,097,879.95	4,097,879.95	4,097,879.95	4,051,081.69
Fixed Capital Authorized and Uncompleted	7,740,000.00	11,108,000.00	8,518,000.00	8,218,000.00	7,098,000.00
	<u>\$19,373,901.80</u>	<u>\$16,031,260.82</u>	<u>\$14,453,584.76</u>	<u>\$14,826,786.04</u>	<u>\$11,467,812.24</u>
 <u>LIABILITIES AND RESERVES</u>					
Interfunds Payable	\$ 25,755.30	\$ 214.19	\$ 86,479.49	\$ 81,020.86	\$ 63,236.51
Improvement Authorizations:					
Funded	2,744.29	375,446.97	1,277,710.10	2,252,497.52	3,201.74
Unfunded	2,778,755.17	2,437,826.38	1,399,337.12	1,124,636.00	3,378,767.43
Capital Improvement Fund	41,701.09	41,701.09	41,701.09	41,701.09	41,701.09
Accrued Interest on Bonds				43,116.38	
Reserve to Pay Debt	216,055.54				
Reserve for Encumbrances		23,224.50	185,509.27	120,966.50	33,057.78
Reserve for Amortizator	4,653,752.81	4,695,380.79	4,395,248.65	4,207,619.35	4,169,990.05
Reserve for Deferred Amortizator			81,607.84	81,607.84	81,607.84
Bond Anticipation Notes	5,365,300.00	1,990,000.00	300,000.00		3,255,000.00
General Obligation Bonds	5,940,000.00	6,105,000.00	6,270,000.00	6,445,000.00	
NJ Wastewater Treatment Loan Payable	349,837.60	362,466.90	415,991.20	428,620.50	441,249.80
	<u>\$19,373,901.80</u>	<u>\$16,031,260.82</u>	<u>\$14,453,584.76</u>	<u>\$14,826,786.04</u>	<u>\$11,467,812.24</u>

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

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

	For The Year Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:					
Fund Balance Anticipated	\$ 450,000.00	\$ 440,115.00	\$ 385,000.00	\$ 379,450.00	\$ 273,450.00
Rents	1,861,004.96	1,676,242.50	1,387,252.13	1,314,471.08	1,171,164.33
Miscellaneous Revenues	33,362.10	9,179.92	5,815.69	23,846.78	22,668.74
Reserve for Maintenance of Water Tank					65,020.00
Total Budget Revenues	2,344,367.06	2,125,537.42	1,778,067.82	1,717,767.86	1,532,303.07
Other Credits to Income	25,728.78	237,848.91	588,238.43	108,889.67	48,825.47
Total Income	2,370,095.84	2,363,386.33	2,366,306.25	1,826,657.53	1,581,128.54
OPERATING EXPENSES:					
Operating	1,378,305.58	1,240,000.00	1,153,826.94	1,341,553.43	1,254,898.87
Debt Service	415,156.61	304,153.37	299,794.07	78,592.92	98,604.83
Statutory Expenditures	63,500.00	66,500.00	66,500.00	66,500.00	66,500.00
Cancellation of Due Bank				3,271.00	
Total Expenditures	1,856,962.19	1,610,653.37	1,520,121.01	1,489,917.35	1,420,003.70
Excess of Revenues over Expenditures	513,133.65	752,732.96	846,185.24	336,740.18	161,124.84
Adjustment to Income Before Fund Balance: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	105,000.00				
Statutory Excess to Fund Balance	618,133.65	752,732.96	846,185.24	336,740.18	161,124.84
Fund Balances January 1	1,283,612.80	970,994.84	509,809.60	552,519.42	664,844.58
	1,901,746.45	1,723,727.80	1,355,994.84	889,259.60	825,969.42
Decreased by: Realized as Revenue	450,000.00	440,115.00	385,000.00	379,450.00	273,450.00
Fund Balance December 31	\$ 1,451,746.45	\$ 1,283,612.80	\$ 970,994.84	\$ 509,809.60	\$ 552,519.42

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

BOROUGH OF BELLMAWR
Notes to Financial Statements
For the Year Ended December 31, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 225), 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 Borough's basic financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

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

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.

As of December 31, 2023, the Borough's bank balances of \$14,157,836.48 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 13,294,938.83
Uninsured and Uncollateralized	<u>862,897.65</u>
Total	<u><u>\$ 14,157,836.48</u></u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	\$ 3.776	\$ 3.824	\$ 3.899	\$ 3.844	\$ 3.805
Apportionment of Tax Rate:					
Municipal	\$ 1.204	\$ 1.185	\$ 1.185	\$ 1.185	\$ 1.166
County	.835	0.835	0.893	0.839	0.850
Local School	1.241	1.280	1.295	1.291	1.266
Regional School	.496	0.524	0.526	0.529	0.523

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2023	\$ 814,458,600.00
2022	794,088,600.00
2021	788,494,700.00
2020	783,621,800.00
2019	783,550,100.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$ 30,831,272.50	\$ 30,624,253.67	99.33%
2022	30,716,903.45	30,531,538.62	99.40%
2021	30,949,300.55	30,630,742.30	98.97%
2020	30,343,082.92	29,823,810.92	98.29%
2019	29,894,292.06	29,159,900.56	97.54%

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>
2023	\$ 98,811.99	\$ 440,168.60	\$ 538,980.59	1.75%
2022	93,916.65	651,853.88	745,770.53	2.43%
2021	94,026.13	315,875.41	409,901.54	1.32%
2020	89,355.12	486,832.78	576,187.90	1.90%
2019	84,750.02	676,595.26	761,345.28	2.55%

Note 3: PROPERTY TAXES (CONT'D)

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

<u>Year</u>	<u>Number</u>
2023	8
2022	9
2021	8
2020	8
2019	8

Note 4: WATER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Cancellations</u>
2023	\$ 124,030.96	\$ 1,836,104.04	\$ 1,960,135.00	\$ 1,861,004.96	
2022	113,578.04	1,691,625.60	1,805,203.64	1,676,242.50	\$ 4,930.18
2021	79,268.41	1,421,561.76	1,500,830.17	1,387,252.13	
2020	154,519.92	1,239,219.57	1,393,739.49	1,314,471.08	
2019	100,523.43	1,225,160.82	1,325,684.25	1,171,164.33	

Note 5: SEWER 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 Receivable</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Cancellations</u>
2023	\$ 796,383.04	\$ 418,414.19	\$ 1,214,797.23	\$ 420,269.61	\$ 776,714.74
2022	730,395.44	478,411.05	1,208,806.49	412,423.45	
2021	687,870.09	479,656.78	1,167,526.87	437,131.43	
2020	572,460.23	556,844.17	1,129,304.40	441,434.31	
2019	447,154.36	559,008.45	1,006,162.81	433,702.58	

* Includes penalties charged.

Note 6: LEASES RECEIVABLE

The Borough, as lessor, has entered into the following leases which meet the requirements of GASB Statement No. 87, *Leases*:

Cell Towers Lease - From 1993 to 2015, the Borough entered into eight lease agreements of varying durations (including options to extend the lease terms) with various vendors and their successors for the lease of cell towers with incremental borrowing rates ranging from 0.32% to 1.68%. The agreements are currently with three different cell service providers. Based on the agreements, the Borough is receiving payments of varying amounts on a monthly basis through July 31, 2065.

Under the provisions of GASB 87, as of December 31, 2023, the balance of the lease's receivable is \$4,077,581.63. As a result of the regulatory basis of accounting previously described in note 1, such balance is not recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund.

The following is a summary of the leases as of December 31, 2023:

<u>Lease Description</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell Towers	\$ 3,913,589.80	\$ 203,251.20	\$ 38,700.97

Under the provisions of GASB 87, for the year ended December 31, 2023, the Borough would have recognized \$163,991.83 in a reduction of lease receivable and \$38,700.97 in interest revenue related to the leases. In addition, \$203,251.20 would have been recognized as both lease revenue and a reduction in deferred inflows of resources related to leases.

As a result of the regulatory basis of accounting previously described in note 1, the rental payments collected of \$194,770.88 were reported as revenue in the current fund.

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:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 3,617,796.36	\$ 2,722,000.00	75.24%
2022	3,720,889.44	2,335,000.00	62.75%
2021	2,992,186.65	1,746,785.00	58.38%
2020	2,926,301.01	1,724,615.00	58.93%
2019	2,782,114.90	1,745,000.00	62.72%

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 Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 1,451,746.45	\$ 575,385.00	39.63%
2022	1,283,612.80	450,000.00	35.06%
2021	970,994.84	440,115.00	45.33%
2020	509,809.60	385,000.00	75.52%
2019	552,519.42	379,450.00	68.68%

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, 2023:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 8,959.39	\$ 323,386.25
Federal and State Grant	57.85	575,430.00
Trust - Animal Control	148.07	
Trust - Other	451,520.83	446,366.45
General Capital	1,131,453.63	
Water Utility - Operating	25,755.30	246,957.07
Water Utility - Capital		25,755.30
Totals	<u>\$ 1,617,895.07</u>	<u>\$ 1,617,895.07</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2024, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB No. 68, *Accounting and Financial Reporting for Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2023 was not available; therefore, the information from the measurement period June 30, 2022 is disclosed below.

Note 9: PENSION PLAN (CONT'D)

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by 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.

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.

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 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.

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, 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. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

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, 2022 was 14.49% 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, 2022, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2022 is \$474,905.00, and is payable by April 1, 2023. 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, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$476,600.00, which was paid on April 1, 2022.

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

Public Employees' Retirement System (Cont'd) - Employee contributions to the Plan for the year ended December 31, 2022 were \$251,836.26.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, under Chapter 133, P.L. 2001, for the year ended December 31, 2022 was 0.36% of the Borough's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Borough, to the pension plan for the year ended December 31, 2022 was \$11,958.00, and is payable by April 1, 2023.

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, 2022 was 34.75% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2022, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2022 is \$785,177.00, and is payable by April 1, 2023. 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, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$753,159.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$231,530.60.

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, 2022 was 6.78% of the Borough's covered payroll.

Note 9: PENSION PLAN (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, 2022, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2022 was \$153,111.00, and is payable by April 1, 2023. For the prior year 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 \$115,402.00, which was paid on April 1, 2022.

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, 2023, employee contributions totaled \$2,378.88, and the Borough's contributions were \$1,297.56. 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, 2022, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Borough's proportionate share of the PERS net pension liability was \$5,683,344.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022. 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, 2022 measurement date, the Borough's proportion was 0.0376595492%, which was a decrease of 0.0030366678% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the year ended December 31, 2022, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date was \$(614,052.00). 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, 2022, the Borough's contribution to PERS was \$476,600.00, and was paid on April 1, 2022.

For the year ended December 31, 2022, the State's proportionate share of the PERS pension (benefit) expense, associated with the Borough, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2022 measurement date, was \$11,958.00. 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 PLAN (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System Pension Liability - As of December 31, 2022, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 6,910,455.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	<u>1,229,858.00</u>
	<u>\$ 8,140,313.00</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022. 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, 2022 measurement date, the Borough's proportion was 0.0603725300%, which was a decrease of 0.0042505555% from its proportion measured as of June 30, 2021. Likewise, at June 30, 2022, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0603723800%, which was a decrease of 0.0042507238% from its proportion, on-behalf of the Borough, measured as of June 30, 2021.

Pension (Benefit) Expense - For the year ended December 31, 2022, the Borough's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date was \$74,755.00. 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, 2022, the Borough's contribution to PFRS was \$753,159.00, and was paid on April 1, 2022.

For the year ended December 31, 2022, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2022 measurement date, was \$141,893.00. 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 PLAN (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 41,020.00	\$ 312,786.00	\$ 353,806.00	\$ 36,174.00	\$ 423,359.00	\$ 459,533.00
Changes of Assumptions	17,609.00	18,939.00	36,548.00	851,022.00	869,890.00	1,720,912.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	235,228.00	632,795.00	868,023.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	114,163.00	757,159.00	871,322.00	777,826.00	520,554.00	1,298,380.00
Contributions Subsequent to the Measurement Date	<u>237,453.00</u>	<u>392,589.00</u>	<u>630,042.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 645,473.00</u>	<u>\$ 2,114,268.00</u>	<u>\$ 2,759,741.00</u>	<u>\$ 1,665,022.00</u>	<u>\$ 1,813,803.00</u>	<u>\$ 3,478,825.00</u>

Deferred outflows of resources in the amounts of \$237,453.00 and \$392,589.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2023. These amounts were based on an estimated April 1, 2024 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2022 to the Borough's year end of December 31, 2022.

Note 9: PENSION PLAN (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:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 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
June 30, 2022	-	5.04	6.22	
Changes of Assumptions				
Year of Pension Plan Deferral:				
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	-
June 30, 2022	-	5.04		6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
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	-
June 30, 2022	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
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
June 30, 2022	5.04	5.04	6.22	6.22

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

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

Year Ending			
<u>Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2023	\$ (701,918.00)	\$ (163,125.00)	\$ (865,043.00)
2024	(392,318.00)	(164,776.00)	(557,094.00)
2025	(298,048.00)	(139,135.00)	(437,183.00)
2026	140,447.00	458,866.00	599,313.00
2027	(5,165.00)	(68,297.00)	(73,462.00)
Thereafter	-	(15,657.00)	(15,657.00)
	<u>\$ (1,257,002.00)</u>	<u>\$ (92,124.00)</u>	<u>\$ (1,349,126.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55%	3.25% - 16.25%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

Note 9: PENSION PLAN (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, 2022) 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, 2022 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%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Note 9: PENSION PLAN (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, 2022. 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, 2022. 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, 2022 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>
Proportionate Share of the Net Pension Liability	<u>\$ 7,301,433.00</u>	<u>\$ 5,683,344.00</u>	<u>\$ 4,306,286.00</u>

Note 9: PENSION PLAN (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, 2022 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 <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	\$ 9,481,890.00	\$ 6,910,455.00	\$ 4,769,722.00
State of New Jersey's Proportionate Share of Net Pension Liability	<u>1,687,499.00</u>	<u>1,229,858.00</u>	<u>848,871.00</u>
	<u>\$ 11,169,389.00</u>	<u>\$ 8,140,313.00</u>	<u>\$ 5,618,593.00</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 PLAN (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.

Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Ten Plan Years)

	<u>Measurement Date Ended June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net Pension Liability	0.0376595492%	0.0406962170%	0.0423610023%	0.0411496621%	0.0424003002%
Proportionate Share of the Net Pension Liability	\$ 5,683,344.00	\$ 4,821,077.00	\$ 6,907,972.00	\$ 7,414,545.00	\$ 8,348,408.00
Covered Payroll (Plan Measurement Period)	\$ 2,776,484.00	\$ 3,006,364.00	\$ 2,997,272.00	\$ 2,872,728.00	\$ 2,977,580.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	204.70%	160.36%	230.48%	258.10%	280.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the Net Pension Liability	0.0434901724%	0.0420185729%	0.0403417669%	0.0397980034%	0.0368255503%
Proportionate Share of the Net Pension Liability	\$ 10,123,817.00	\$ 12,444,696.00	\$ 9,055,918.00	\$ 7,451,275.00	\$ 7,038,094.00
Covered Payroll (Plan Measurement Period)	\$ 3,075,872.00	\$ 2,872,416.00	\$ 2,580,384.00	\$ 2,449,300.00	\$ 2,521,224.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	329.14%	433.25%	350.95%	304.22%	279.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 474,905.00	\$ 476,600.00	\$ 463,408.00	\$ 400,265.00	\$ 421,746.00
Contribution in Relation to the Contractually Required Contribution	<u>(474,905.00)</u>	<u>(476,600.00)</u>	<u>(463,408.00)</u>	<u>(400,265.00)</u>	<u>(421,746.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 3,278,373.00	\$ 2,945,026.00	\$ 2,939,386.00	\$ 2,944,187.00	\$ 2,902,314.00
Contributions as a Percentage of Covered Payroll	14.49%	16.18%	15.77%	13.60%	14.53%
	<u>Year Ended December 31,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 402,890.00	\$ 373,287.00	\$ 346,831.00	\$ 328,089.00	\$ 277,473.00
Contribution in Relation to the Contractually Required Contribution	<u>(402,890.00)</u>	<u>(373,287.00)</u>	<u>(346,831.00)</u>	<u>(328,089.00)</u>	<u>(277,473.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 2,969,549.00	\$ 2,995,682.00	\$ 2,917,219.00	\$ 2,667,431.00	\$ 2,482,506.00
Contributions as a Percentage of Covered Payroll	13.57%	12.46%	11.89%	12.30%	11.18%

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

	<u>Measurement Date Ended June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net Pension Liability	0.0603725300%	0.0646230855%	0.0602199742%	0.0580805708%	0.0589318848%
Proportionate Share of the Net Pension Liability	\$ 6,910,455.00	\$ 4,723,400.00	\$ 7,781,215.00	\$ 7,107,795.00	\$ 7,974,456.00
State's Proportionate Share of the Net Pension Liability	<u>1,229,858.00</u>	<u>1,328,455.00</u>	<u>1,207,609.00</u>	<u>1,122,334.00</u>	<u>1,083,198.00</u>
Total	<u>\$ 8,140,313.00</u>	<u>\$ 6,051,855.00</u>	<u>\$ 8,988,824.00</u>	<u>\$ 8,230,129.00</u>	<u>\$ 9,057,654.00</u>
Covered Payroll (Plan Measurement Period)	\$ 2,114,740.00	\$ 2,227,336.00	\$ 2,077,880.00	\$ 1,968,532.00	\$ 1,896,732.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	326.78%	212.06%	374.48%	361.07%	420.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.33%	77.26%	63.52%	65.00%	62.48%
	<u>Measurement Date Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the Net Pension Liability	0.0525451188%	0.0593397415%	0.0532829612%	0.0536372336%	0.0510144398%
Proportionate Share of the Net Pension Liability	\$ 8,111,950.00	\$ 11,335,409.00	\$ 8,875,084.00	\$ 6,747,066.00	\$ 6,781,909.00
State's Proportionate Share of the Net Pension Liability	<u>908,607.00</u>	<u>951,893.00</u>	<u>778,315.00</u>	<u>726,546.00</u>	<u>632,156.00</u>
Total	<u>\$ 9,020,557.00</u>	<u>\$ 12,287,302.00</u>	<u>\$ 9,653,399.00</u>	<u>\$ 7,473,612.00</u>	<u>\$ 7,414,065.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,733,688.00	\$ 1,896,644.00	\$ 1,687,372.00	\$ 1,639,200.00	\$ 1,516,644.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	467.90%	597.66%	525.97%	411.61%	447.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 785,177.00	\$ 753,159.00	\$ 672,760.00	\$ 586,678.00	\$ 576,146.00
Contribution in Relation to the Contractually Required Contribution	<u>(785,177.00)</u>	<u>(753,159.00)</u>	<u>(672,760.00)</u>	<u>(586,678.00)</u>	<u>(576,146.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 2,259,602.00	\$ 2,161,744.00	\$ 2,170,342.00	\$ 2,087,773.00	\$ 1,930,201.00
Contributions as a Percentage of Covered Payroll	34.75%	34.84%	31.00%	28.10%	29.85%
	<u>Year Ended December 31,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 465,034.00	\$ 483,821.00	\$ 433,111.00	\$ 411,971.00	\$ 372,190.00
Contribution in Relation to the Contractually Required Contribution	<u>(465,034.00)</u>	<u>(483,821.00)</u>	<u>(433,111.00)</u>	<u>(411,971.00)</u>	<u>(372,190.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 1,871,324.00	\$ 1,789,516.00	\$ 1,901,669.00	\$ 1,708,897.00	\$ 1,611,627.00
Contributions as a Percentage of Covered Payroll	24.85%	27.04%	22.78%	24.11%	23.09%

Note 9: PENSION PLAN (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

Changes in Assumptions

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

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%
2018	5.66%			2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

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

None.

Changes in Assumptions

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

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	6.14%	2022	7.00%	2017	7.00%
2021	7.00%	2016	5.55%	2021	7.00%	2016	7.65%
2020	7.00%	2015	5.79%	2020	7.00%	2015	7.90%
2019	6.85%	2014	6.32%	2019	7.00%	2014	7.90%
2018	6.51%			2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM

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

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

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

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

The Borough elected to contribute \$1,150.00 for the year ended December 31, 2023 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2023, no volunteer was eligible, therefore, the Borough did not make any payments to the Plan.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. For the year ended December 31, 2023, the Borough elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in an account maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Borough to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Borough. These funds, however, are not available for funding the operations of the Borough.

Vesting - The Borough, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-14.62 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

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

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

Forfeited Accounts - For the year ended December 31, 2023, no accounts were forfeited.

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

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

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

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

Employees Covered by Benefit Terms - As of December 31, 2023, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	51
Active Employees	<u>73</u>
	<u>124</u>

Total OPEB Liability

The Borough's total OPEB liability of \$21,784,169.00 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023.

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

Inflation	2.5% Annually
Discount Rate	3.26%
Healthcare Cost Trend Rates:	
Medical	5.1% in 2023, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026
Drug	6.0% in 2023, reducing by 0.5% per annum leveling at 4.5% per annum in 2026
Medicare Advantage	4.5% per annum
Dental and Vision	3.5% per annum
Retirees' Share of Benefit-Related Costs	Contribution rate in effect when they retire

The discount rate was based on the Bond Buyer 20 Index December 31, 2023.

Mortality rates were based on the PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021.

An experience study was not performed on the actuarial assumptions used in the December 31, 2023 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Changes in Total OPEB Liability**

Balance at December 31, 2022		\$ 21,812,547.00
Changes for the Year:		
Service Cost	\$ 173,232.00	
Interest Cost	807,918.00	
Benefit Payments	(535,116.00)	
Changes in Assumptions	(474,412.00)	
Difference between Expected and Actual Experience	<u>-</u>	
Net Changes		<u>(28,378.00)</u>
Balance at December 31, 2023		<u>\$ 21,784,169.00</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72% at December 31, 2022 to 3.26% at December 31, 2023.

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

	<u>December 31, 2023</u>		
	1.00% Decrease (2.26%)	Current Discount Rate (3.26%)	1.00% Increase (4.26%)
Total OPEB Liability	<u>\$ 25,101,596.00</u>	<u>\$ 21,784,169.00</u>	<u>\$ 19,122,206.00</u>

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>December 31, 2023</u>		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$ 20,963,613.00</u>	<u>\$ 21,784,169.00</u>	<u>\$ 22,628,582.00</u>

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

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2023, the Borough recognized OPEB (benefit) expense of \$1,407,705.00. As of December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,672,692.00	\$ 2,838,251.00
Difference Between Expected and Actual Experience	6,878,441.00	-
	\$ 8,551,133.00	\$ 2,838,251.00

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

Year Ending <u>Dec 31,</u>	
2024	\$ 426,555.00
2025	426,555.00
2026	426,555.00
2027	426,555.00
2028	426,555.00
Thereafter	3,580,107.00
	\$ 5,712,882.00

Supplementary OPEB Information

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

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

	Plan Measurement Date December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost	\$ 173,232.00	\$ 173,232.00	\$ 128,945.00	\$ 128,945.00	\$ 229,523.00
Interest Cost	807,918.00	313,534.00	360,300.00	445,096.00	606,345.00
Benefit Payments	(535,116.00)	(684,012.00)	(629,300.00)	(921,878.00)	(593,486.00)
Changes in Assumptions	(474,412.00)	(1,196,398.00)	(1,652,085.00)	952,449.00	1,477,858.00
Difference Between Expected and Actual Experience		7,817,349.00			
Net Change in Total OPEB Liability	(28,378.00)	6,423,705.00	(1,792,140.00)	604,612.00	1,720,240.00
Total OPEB Liability - Beginning of Year	<u>21,812,547.00</u>	<u>15,388,842.00</u>	<u>17,180,982.00</u>	<u>16,576,370.00</u>	<u>14,856,130.00</u>
Total OPEB Liability - End of Year	<u>\$ 21,784,169.00</u>	<u>\$ 21,812,547.00</u>	<u>\$ 15,388,842.00</u>	<u>\$ 17,180,982.00</u>	<u>\$ 16,576,370.00</u>
Covered-Employee Payroll	\$ 7,258,246.84	\$6,859,308.75	\$6,375,786.17	\$ 6,328,281.56	\$ 6,416,807.59
Total OPEB Liability as a Percentage of Covered Payroll	300.13%	318.00%	241.36%	271.50%	258.33%

Other Notes to Supplementary OPEB Information**Changes of Benefit Terms:**

None.

Changes of Assumptions:

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

<u>Year</u>	<u>Discount Rate</u>	<u>Medical Trend Rate</u>	<u>Drug Rate</u>
2023	3.26%	5.10%	6.00%
2022	3.72%	5.30%	6.50%
2021	2.06%	5.50%	7.00%
2020	2.12%	5.60%	9.00%
2019	2.74%	5.70%	9.50%

Note 12: COMPENSATED ABSENCES

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

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

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

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

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

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

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2023, accrued benefits for compensated absences are valued at \$122,507.12

Note 13: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 14: LEASE LIABILITY AND LEASE ASSET

The Borough, as lessee, has entered into the following leases which meet the requirements of GASB 87:

Postage Machine - The Borough is leasing one (1) postage machine with a total lease liability of \$17,476.49. The lease began on October 1, 2021 for a term of five years. The implied interest rate is based on the Borough's estimated incremental borrowing rate of 0.32%. The lease is not expected to be renewed at the expiration of the lease agreement. Based on this lease, the Borough is making payments through September 30, 2026. The Borough paid \$3,523.80 of lease payments during the year ended December 31, 2023 which were budgeted and paid from the current fund.

Copiers - The Borough is leasing two (2) copiers with a total lease liability of \$5,918.19. The leases began on July 1, 2020 and September 1, 2021 for terms of five and four years respectively. The implied interest rates are based on the Borough's estimated incremental borrowing rates of 1.05% and 0.32%, respectively. Based on these leases, the Borough is making payments through June 30, 2025 and August 31, 2025 respectively. The Borough paid \$1,378.44 of lease payments during the year ended December 31, 2023 which were budgeted and paid from the current fund.

Building Space - The Borough is leasing building space with a total lease liability of \$649,639.74. The leases began on November 1, 2021 for a term of ten years. The implied interest rate is based on the Borough's estimated incremental borrowing rate of 0.32%. Based on this lease, the Borough is making payments through October 31, 2031. The Borough paid \$66,000.00 of lease payments during the year ended December 31, 2023 which were budgeted and paid from the current fund.

Under the provisions of GASB 87, as of December 31, 2023, the balance of the lease liability is \$522,358.68, and balance of the related right to use leased assets have a balance of \$520,682.99. The leases are summarized as follows:

<u>Description</u>	<u>Lease Liability</u>	<u>Lease Asset</u>
Mail Machine	\$ 9,646.66	\$ 9,612.20
Copiers	2,205.16	2,186.21
Building Space	510,506.86	508,884.58
	<u>\$ 522,358.68</u>	<u>\$ 520,682.99</u>

As a result of the regulatory basis of accounting previously described in note 1, the Borough has not reported a lease liability or right to use leased assets. Under the provision of GASB 87, annual requirements to amortize lease obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 69,328.61	\$ 1,573.63	\$ 70,902.24
2025	69,012.19	1,348.57	70,360.76
2026	67,514.02	1,128.83	68,642.85
2027	65,082.59	917.41	66,000.00
2028	65,291.14	708.86	66,000.00
2029-2031	186,130.13	869.87	187,000.00
Total	<u>\$ 522,358.68</u>	<u>\$ 6,547.17</u>	<u>\$ 528,905.85</u>

Note 14: LEASE LIABILITY AND LEASE ASSET (CONT'D)

Under the provision of GASB 87, for the year ended December 31, 2023, the Borough would have recognized \$69,103.60 in amortization of lease liability and \$1,798.64 in interest on leases.

As a result of the regulatory basis of accounting previously described in note 1, for the year ended December 31, 2023, rental payments of \$70,902.24 were budgeted and paid from the current fund.

Note 15: CAPITAL DEBT**General Improvement Bonds**

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 690,000.00	\$ 74,250.00	\$ 764,250.00
2025	695,000.00	70,800.00	765,800.00
2026	705,000.00	63,850.00	768,850.00
2027	710,000.00	56,800.00	766,800.00
2028	710,000.00	49,700.00	759,700.00
2029-2031	<u>2,130,000.00</u>	<u>85,200.00</u>	<u>2,215,200.00</u>
Totals	<u>\$ 5,640,000.00</u>	<u>\$ 400,600.00</u>	<u>\$ 6,040,600.00</u>

General Debt - New Jersey Environmental Infrastructure Loans

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

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

Note 15: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Environmental Infrastructure Loans (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 393,475.69	\$ 34,557.50	\$ 428,033.19
2025	277,716.53	22,357.50	300,074.03
2026	200,716.53	9,907.50	210,624.03
2027	34,716.53	2,137.50	36,854.03
2028	34,716.53	1,837.50	36,554.03
2029-2033	<u>78,982.89</u>	<u>4,675.00</u>	<u>83,657.89</u>
Totals	<u>\$ 1,020,324.70</u>	<u>\$ 75,472.50</u>	<u>\$ 1,095,797.20</u>

Water Utility Bonds

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 165,000.00	\$ 112,225.00	\$ 277,225.00
2025	170,000.00	111,400.00	281,400.00
2026	170,000.00	109,700.00	279,700.00
2027	175,000.00	108,000.00	283,000.00
2028	175,000.00	106,250.00	281,250.00
2029-2033	935,000.00	485,800.00	1,420,800.00
2034-2038	1,030,000.00	388,600.00	1,418,600.00
2039-2043	1,180,000.00	280,000.00	1,460,000.00
2044-2048	1,345,000.00	152,431.28	1,497,431.28
2049-2050	<u>595,000.00</u>	<u>19,768.76</u>	<u>614,768.76</u>
Totals	<u>\$ 5,940,000.00</u>	<u>\$ 1,874,175.04</u>	<u>\$ 7,814,175.04</u>

Water Utility Debt - New Jersey Environmental Infrastructure Loans

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

Note 15: CAPITAL DEBT (CONT'D)**Water Utility Debt - New Jersey Environmental Infrastructure Loans (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,629.30	\$ 6,293.76	\$ 18,923.06
2025	12,629.30	6,043.76	18,673.06
2026	12,629.30	5,793.76	18,423.06
2027	12,629.30	5,543.76	18,173.06
2028	12,629.30	5,293.76	17,923.06
2029-2033	63,146.50	24,193.78	87,340.28
2034-2038	88,146.50	19,500.00	107,646.50
2039-2043	85,398.10	12,000.00	97,398.10
2044-2048	<u>50,000.00</u>	<u>4,500.00</u>	<u>54,500.00</u>
Totals	<u>\$ 349,837.60</u>	<u>\$ 89,162.58</u>	<u>\$ 439,000.18</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 11,763,530.70	\$ 11,802,305.48	\$ 11,083,312.14
Water Utility:			
Bonds, Loans and Notes	<u>11,655,137.60</u>	<u>8,457,466.90</u>	<u>6,985,991.20</u>
Total Issued	<u>23,418,668.30</u>	<u>20,259,772.38</u>	<u>18,069,303.34</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	249,621.31	598,141.42	1,659,357.92
Water Utility:			
Bonds and Notes	<u>80,934.00</u>	<u>2,056,234.00</u>	<u>1,156,234.00</u>
Total Authorized but not Issued	<u>330,555.31</u>	<u>2,654,375.42</u>	<u>2,815,591.92</u>
Total Issued and Authorized but not Issued	<u>23,749,223.61</u>	<u>22,914,147.80</u>	<u>20,884,895.26</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	114,489.70	54,818.94	102,318.94
Water Utility:			
Excess Proceeds from Issuance of Notes		3,201.74	3,201.74
Self-Liquidating	<u>11,736,071.60</u>	<u>10,510,499.16</u>	<u>8,139,023.46</u>
Total Deductions	<u>11,850,561.30</u>	<u>10,568,519.84</u>	<u>8,244,544.14</u>
Net Debt	<u>\$ 11,898,662.31</u>	<u>\$ 12,345,627.96</u>	<u>\$ 12,640,351.12</u>

NOTE 15: CAPITAL DEBT (CONT'D)

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 1.304%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 4,410,000.00	\$ 4,410,000.00	
Self-Liquidating	11,736,071.60	11,736,071.60	\$ -
General	12,013,152.01	114,489.70	11,898,662.31
	<u>\$ 28,159,223.61</u>	<u>\$ 16,260,561.30</u>	<u>\$ 11,898,662.31</u>

Net debt \$11,898,662.31 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$912,504,611.67, equals 1.304%.

Summary of Statutory Debt Condition - Annual Debt Statement

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 31,937,661.41
Less: Net Debt	<u>11,898,662.31</u>
Remaining Borrowing Power	<u>\$ 20,038,999.10</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 2,344,367.06
Deductions:	
Operating and Maintenance Costs	\$ 1,441,805.58
Debt Service	<u>415,156.61</u>
Total Deductions	<u>1,856,962.19</u>
Excess in Revenue	<u>\$ 487,404.87</u>

Note 16: ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

Note 16: ARBITRAGE REBATE (CONT'D)

The Borough has the following bond issue outstanding that requires a rebate calculation:

<u>Bonds Issued</u>	<u>Issued General Capital Fund</u>	<u>Issued Water Utility Capital Fund</u>	<u>Total Issued</u>	<u>Liability</u>
July 30, 2020	\$ 6,843,000.00	\$ 6,445,000.00	\$ 13,288,000.00	(1)

(1) The rebate calculation on these bonds is required to be made at least once every five years. It is anticipated that when such calculation is made, the liability, if any, will be appropriated in that year's general budget.

Note 17: RISK MANAGEMENT

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

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

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

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

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

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

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

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

Note 18: INTERLOCAL SERVICES AGREEMENT

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

Note 19: CONTINGENCIES

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

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

Note 20: 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 21: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Introduction</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements			
Various Capital Equipment and Improvements	05-23-24		\$ 1,359,450.00
Water Utility Improvements			
Various Capital Improvements	02-22-24	03-21-24	2,000,000.00
Various Water Main Replacements	05-23-24		1,200,000.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



August 5, 2024

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

**RE: \$14,896,609 BOROUGH OF BELLMAWR, COUNTY OF CAMDEN, NEW JERSEY,
BOND ANTICIPATION NOTES OF 2024, SERIES A**

Mayor and Borough Council Members:

We have served as Bond Counsel to the Borough of Bellmawr, County of Camden, New Jersey ("Borough"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes"). The Notes consist of: (i) \$6,342,487 principal amount of General Improvement Notes; and (ii) \$8,554,122 principal amount of Water Utility Notes.

The Notes are issued pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 02:01-19, 04:10-20, 05:13-20, 05:14-20, 5:15-20, 03:08-21, 05:12-21, 08:15-21, 10:17-21, 02:01-22, 03:03-22, 03:05-22, 05:07-22, 05:08-22, 02:02-23, 04:05-23, 04:06-23, 02:02-24, 05:07-24, and 05:08-24 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July 24, 2024 ("Award Certificate").

The Notes are issued in [registered book-entry only] form and are not subject to redemption prior to maturity. The Notes are issued in anticipation of the issuance of bonds to provide funds to temporarily finance the costs of various capital projects within the Borough. The Notes are dated August 5, 2024 and mature on August 4, 2025.

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

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined.

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



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

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

3. Interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

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

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



income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has not designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF INFORMATION REPORTING UNDERTAKING AGREEMENT

INFORMATION REPORTING UNDERTAKING AGREEMENT

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

ISSUE: \$14,896,609 Bond Anticipation Notes of 2024, Series A
(Non-Callable) ("Notes")

DATED: August 5, 2024

CUSIP: 079581____

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

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

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

¹ An internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Notes, and other filers on behalf of such issuers shall upload certain information and notices to assist underwriters in complying with the Rule and to provide the general public with access thereto.

- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a financial obligation² of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall, within ten (10) business days of the occurrence of any of the Listed Events, report the event to the MSRB, through the internet facilities of EMMA, or any other Repositories, as applicable, pursuant to the provisions of Section 1(a) hereof. In determining the materiality of a Listed Event specified in subsections (a)(ii), (vii), (viii), (x), (xiii), (xiv) and (xv) of this Section 1, the Issuer may, but shall not be required to, rely conclusively on a written opinion of counsel expert in federal securities law acceptable to the Issuer.

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

² 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.

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

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

IN WITNESS WHEREOF, the Issuer has executed and delivered this Agreement as of this 5th day of August, 2024.

ISSUER:

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

By: _____
MARIA A. FASULO,
Chief Financial Officer