

OFFICIAL STATEMENT DATED JULY 30, 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.*

**\$11,810,000**  
**BOROUGH OF GLASSBORO**  
**County of Gloucester, New Jersey**  
**BOND ANTICIPATION NOTES OF 2024, SERIES A**  
**Consisting of:**  
**\$5,698,000 General Improvement Notes**  
**\$6,112,000 Water & Sewer Utility Notes**  
**(BOOK-ENTRY ONLY) (NON-CALLABLE)**

**COUPON: 4.25%**

**YIELD: 3.49%**

**CUSIP\*: 377136RM0**

**Dated: Date of Delivery**

**Due: May 30, 2025**

The \$11,810,000 Bond Anticipation Notes of 2024, Series A ("Notes"), are general obligations of the Borough of Glassboro, County of Gloucester, New Jersey ("Borough"), ultimately payable from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein. The Notes consist of: (i) \$5,698,000 principal amount of General Improvement Notes; and (ii) \$6,112,000 principal amount of Water & Sewer Utility Notes.

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

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 20-05, 20-06, 20-07, 21-04, 21-05, 21-06, 22-13 and 23-09, 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 30, 2024.

The Notes are being issued by the Borough to provide funds which, along with other available funds of the Borough, will be used to: (i) temporarily finance the costs of various general and water and sewer improvements in and by the Borough; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough 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, Timothy D. Scaffidi, Esquire, Woodbury, New Jersey. Phoenix Advisors, LLC, Bordentown, 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 15, 2024.*

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

**BOROUGH OF GLASSBORO  
COUNTY OF GLOUCESTER, NEW JERSEY**

**Mayor and Borough Council**

John E. Wallace III, Mayor  
Anna Miller, Council President  
George Cossabone, Sr., Councilman  
Timothy D. Brown, Councilman  
Deanna L. Garlic, Councilwoman  
Andrew Halter, Councilman  
Daniele Spence, Councilwoman

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**Borough Administrator**

Edward Malandro

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**Borough Clerk**

Karen Cosgrove

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**Chief Financial Officer**

Karyn Paccione

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**Solicitor**

Timothy D. Scaffidi, Esquire  
Woodbury, New Jersey

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**Auditor**

Bowman & Company, LLP  
Voorhees, New Jersey

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**Bond Counsel**

Parker McCay P.A.  
Mount Laurel, New Jersey

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**Municipal Advisor**

Phoenix Advisors, LLC  
Bordentown, New Jersey

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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**  
**\$11,810,000**  
**BOROUGH OF GLASSBORO**  
**County of Gloucester, New Jersey**  
**BOND ANTICIPATION NOTES OF 2024, SERIES A**  
**Consisting of:**  
**\$5,698,000 General Improvement Notes**  
**\$6,112,000 Water & Sewer Utility Notes**  
**(BOOK-ENTRY ONLY) (NON-CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Glassboro in the County of Gloucester, New Jersey (“Borough”), in connection with the sale and the issuance of its \$11,810,000 Bond Anticipation Notes of 2024, Series A (“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 consist of: (i) \$5,698,000 principal amount of General Improvement Notes; and (ii) \$6,112,000 principal amount of Water & Sewer Utility Notes.

**DESCRIPTION OF THE NOTES**

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

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the 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 20-05, 20-06, 20-07, 21-04, 21-05, 21-06, 22-13 and 23-09 (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 30, 2024.

The Notes are being issued by the Borough to provide funds which, along with other available funds of the Borough, will be used to: (i) temporarily finance the costs of various general and water and sewer improvements in and by the Borough; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough 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.

| <b><u>Ordinance Number</u></b> | <b><u>Description</u></b>   | <b><u>Notes Outstanding</u></b> | <b><u>Available Funds</u></b> | <b><u>Amount of Notes to be Issued</u></b> |
|--------------------------------|---|---------------------------------|-------------------------------|--|
| 20-05                          | Acquisition of Various Pieces of Capital Equipment and Completion of Various Capital Improvements | \$1,981,225                     | \$107,575                     | \$1,873,650                                |
| 20-06                          | Various Redevelopment Area Improvements   | 870,000                         | 27,000                        | 843,000                                    |
| 20-07                          | Various Water and Sewer Capital Improvements  | 4,120,000                       | 138,000                       | 3,982,000                                  |
| 21-04                          | Acquisition of Various Pieces of Capital Equipment and Completion of Various Capital Improvements | 1,028,850                       | 0                             | 1,028,850                                  |
| 21-05                          | Acquisition of Real Property in a Redevelopment Area  | 100,000                         | 0                             | 100,000                                    |
| 21-06                          | Various Water and Sewer Capital Improvements  | 655,000                         | 0                             | 655,000                                    |
| 22-13                          | Various General Capital Improvements  | 0                               | 0                             | 1,852,500                                  |
| 23-09                          | Various Water and Sewer Capital Improvements  | 0                               | 0                             | 1,475,000                                  |
|                                | <b>Total:</b>   | <b>\$8,755,075</b>              | <b>\$272,575</b>              | <b>\$11,810,000</b>                        |

## 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes, unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Gloucester, 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 and 2021. The financial data was provided by Bowman & Company LLP, Voorhees, New Jersey (“Auditor”), and is included herein in reliance upon the authority of such firm. The Auditor has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request at 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 Accountancy. 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 Chief Financial Officer and is available for review during business hours.

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

#### The Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the “Cap Law”, imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the “Cap Law”. Since its inception, the “Cap Law” has been amended and modified several times, most recently on July 13, 2010. While the revised “Cap Law” is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the 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 COVID-19 pandemic (as 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 the COVID-19 pandemic 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 COVID-19 pandemic. Moreover, to the extent that such 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 the COVID-19 pandemic. The Borough has made no appropriations for COVID-19 pandemic related deficits or expenses under this statutory provision.

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

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

## Capital Budget

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

## Related Constitutional and Statutory Provisions

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

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

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

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

## Rights and Remedies of Owners of Bonds

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

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

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

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

#### Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

### **TAXATION**

#### Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 83.43%. 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 completed in 2010 and effective for the 2011 tax year.



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

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

### Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State Board of Taxation (“Tax Board”) on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **LITIGATION**

To the knowledge of the Borough’s Solicitor, Timothy D. Scaffidi, Esquire, Woodbury, New Jersey (“Solicitor”), there is no litigation of any nature now pending or threatened, 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 Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, 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 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 will **not** designate 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 (“Rule”), the Borough has undertaken to file notice of certain enumerated events, pursuant to an Information Reporting Undertaking Agreement for the Notes, substantially in the form set forth in Appendix “D” hereto.

The Borough has previously entered into continuing disclosure undertakings under the Rule with respect to its own obligations. The Borough failed to provide certain operating data items for the years ended December 31, 2018 and 2019. As of the date hereof, the Borough has filed notices of late filings in connection therewith. The Borough appointed Phoenix Advisors, LLC, Bordentown, New Jersey in January of 2019 to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its obligations.

## **NO DEFAULT**

There is no record of default in the payment of the principal of or interest on the bonds or notes of the 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 (“Governor”) issued Executive Order 103, pursuant to which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak.

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

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

Pursuant to the funding methodology under the Plan, the Borough received \$2,123,515.64 in funding (“Plan Funds”). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough prior to the emergency; and (iv) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

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

effects thereof may have upon global, State-wide and local economies and operations, including that of the Borough.

### Cyber Security

The Borough relies on a complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Borough maintains certain insurance coverage for cyberattacks and related events.

### Climate Change

The State 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.

## **RATING**

The Notes have not been rated. The Borough currently has a long-term credit rating of “AA” from S&P Global Ratings, most recently assigned to the Borough’s Taxable General Obligation Refunding Bonds, Series 2021. Such long-term rating is not assigned to the Notes.

## **UNDERWRITING**

The Notes have been purchased from the Borough at a public sale by Jefferies LLC, New York, New York (“Underwriter”) at a price of \$11,876,254.10 (“Purchase Price”). The Purchase Price reflects the principal amount of the Notes plus a bid premium of \$66,254.10.

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

## **MUNICIPAL ADVISOR**

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

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

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

### **LEGALITY FOR INVESTMENT**

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

The Borough compiled Appendix “A” from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

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

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

The Auditor only takes responsibility for the audited financial statements appearing in Appendix "B" hereto.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Karyn Paccione, Chief Financial Officer, Borough of Glassboro, 1 South Main Street, Glassboro, New Jersey 08028, telephone (856) 881-9230, or the Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

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

**By: /s/ Karyn Paccione  
KARYN PACCIONE, Chief Financial Officer**

Dated: July 30, 2024

**APPENDIX A**

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



## **INFORMATION REGARDING THE BOROUGH<sup>1</sup>**

The following material presents certain economic and demographic information of the Borough of Glassboro (the “Borough”), in the County of Gloucester (the “County”), State of New Jersey (the “State”).

### **General Information**

Industry, commerce and education have kept the Borough in the forefront of growth in the County and Southern New Jersey for more than two centuries. After the Revolutionary War, glass became an important industry, and superior glass products were produced in a village which came to be known as “Glass Town”. The town was incorporated as “Glassborough” in 1802.

Today, modern commerce ideally suited to the needs of economic growth has taken the place of the historic glass industry in the Borough. New retail stores and shopping centers continue to be established along Delsea Drive and the Borough’s downtown is thriving, creating a climate where entrepreneurs and established businesspersons can form partnerships benefiting area residents.

The Borough is located within twenty miles of Philadelphia, Pennsylvania, offering the advantages of suburban living and access to the economic and cultural opportunities of one of the largest metropolitan areas in the United States. Many housing options are available in the Borough, including single family homes, townhouses and apartments to fit diverse tastes and budgets. Senior citizen housing is located in two sections of Borough and the Housing Authority operates a center in the Elsmere section of the Borough.

### **Form of Government**

The Borough is governed by a mayor and six (6) council representatives who enact the laws and guide the departments in response to residents’ needs.

### **Public Safety**

Paid police department and paid firefighters, enhanced by an active volunteer fire company, are important elements of the Borough’s public safety organization.

### **Public Works**

The Borough Highway Department’s main function is to maintain the streets and roads in good condition and to improve the storm drainage system. The Sanitation Department is responsible for the removal of all garbage and refuse. The Automotive Shop repairs all Borough vehicles including police cars.

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<sup>1</sup> Source: The Borough, unless otherwise indicated.

## **Recreation**

The Park and Recreation Commission conducts recreation and cultural activities for residents of the Borough. It maintains, operates and improves parks and recreational areas, the Senior Citizen Center and the Shuttle Bus. Nine (9) park and recreation facilities are located within the Borough.

## **Borough Employees**

The Borough employs approximately 220 full-time and part-time workers.

## **Collective Bargaining Units**

Fraternal Order of Police Lodge 108: Approximately 30 Patrol Officers, Corporals and Detective in the Police Department have a contract that expires December 31, 2024. Approximately nine (9) Sergeants, Lieutenants and Captains in the Police Department have a contract that expires December 31, 2024 as well. The financial terms for both contracts are as follows: January 2021 – 2.00%; January 2022 – 2.00%; January 2023 – 2.00%; January 2024 – 2.00%.

Glassboro Career Firefighters Association: Six (6) Full-time Firefighters are covered by this contract that expires December 31, 2024. The financial terms for this contract are as follows: January 2021 – 7.49%; January 2022 – 2.00%; January 2023 – 2.00%; January 2024 – 2.00%.

Glassboro Superior Fire Officers: Two (2) Full-time Captain Firefighters are covered by this contract that expires December 31, 2024. The Financial terms for this contract are as follows: January 2022 – 7.00%; January 2023 – 2.25%; January 2024 – 2.25%.

United Food & Commercial Workers Union Local 1360: The UFCW has three (3) separate contracts that expire December 31, 2026. The financial terms for all three (3) contracts are as follows: January 2022 – 2.25%; January 2023 – 2.25%; January 2024 – 2.25%; January 2025 – 2.25%; January 2026 – 2.25%. The Mechanics Department includes six (6) employees, the Highway Department includes approximately 30 employees, and the Police Records Department includes four (4) employees.

The Communications Workers of America, AFL-CIO Local 1085: Approximately 26 Support Staff throughout the Borough's Departments are covered under this contract that expires December 31, 2025. The financial terms for this contract are as follows: January 2022 – 2.25%; January 2023 – 2.25%; January 2024 – 2.25%; January 2025 – 2.25%.

## **Rowan University<sup>2</sup>**

The Borough is home to Rowan University (“Rowan University”), ranked among the best institutions of higher education in the United States by the U.S. News & World Report. The

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<sup>2</sup> Source: Rowan University.

university includes 18 colleges and schools with a total enrollment of approximately 22,000 students. Academic programs include 90 bachelor's, 48 master's, two (2) professional and nine (9) doctoral degree programs. Focused on practical research at the intersection of engineering, medicine, science and business, Rowan University has earned national recognition for innovation, commitment to high-quality, affordable education and developing public-private partnerships.

In 1917 the New Jersey State Normal School, which later became Glassboro State College, was established in the Borough. In 1967, Glassboro State College received international attention when Soviet Premier Alexi Kosygin and President Lyndon B. Johnson met at Hollybush Mansion on the school's campus. In 1993, local industrialist Henry Rowan donated \$100 million, the largest single donation which had ever been given to a college, to the institution to establish a school of engineering. In appreciation, Glassboro State College was renamed Rowan College of New Jersey, which went on to attain university status in 1997. Major construction projects have since been completed including: the University Townhouses, Science Hall, Education Hall, and the Samuel H. Jones Innovation Center, the first building of the South Jersey Technology Park at Rowan University. In 2000, Rowan University entered into a public-private partnership that led to the construction of Rowan Boulevard, a \$300 million, mixed-use redevelopment project that links the campus with the Borough's historic downtown.

More recently, Cooper Medical School of Rowan University-the first new medical school in New Jersey in more than 35 years and the first-ever M.D.-granting four-year program in South Jersey-was developed in partnership with Cooper University Health Care. The medical school welcomed its first class in the summer of 2012 into a new six-story building adjacent to Cooper University Hospital in Camden. Close to 3,000 students applied for 50 spots in the medical school's charter class.

In 2013, Rowan University again changed dramatically when the New Jersey Medical and Health Sciences Education Restructuring Act (the "Act") went into effect. The Act (i) designated Rowan University as New Jersey's second comprehensive public research institution, (ii) transferred both the University of Medicine and Dentistry of New Jersey's School of Osteopathic Medicine and the Graduate School of Biomedical Sciences in Stratford to Rowan University, and (iii) partnered the University with Rutgers-Camden to create a College of Health Sciences in the City of Camden. Rowan University became the second institution in the nation to have both a D.O.-granting medical school and an M.D.-granting medical school.

Additionally, Rowan University was awarded \$117 million by the Building Our Future Bond Act. In large part, that funding was used to construct new buildings for the College of Engineering and the Rohrer College of Business. These facilities enabled both colleges to virtually double their enrollments in their high-demand programs to 2,000 students each.

### **Business/Industry and Redevelopment**

The Borough continues to move forward with its plans to fill vacancies, bring new business to the area, clean up the downtown business district and develop additional industrial, flex and

office space throughout the Borough. The Borough is committed to redevelopment and the local residents, business owners, Rowan University and Borough officials are all working together to ensure its success. Over 500 new residential housing units are in the development pipeline at or near the Planning Board stage and the Borough has approved multiple cannabis licenses (cultivation and retail) that generate a 2.00% local sales tax. The following is a brief summary of the recently completed redevelopment initiatives in the Borough.

Rowan Boulevard: In 2000, Mayor and Council designated a 200-acre tract within the Central Business District as a Redevelopment Area. With this designation, the municipality can relax zoning and contract-bidding laws, speed up permit approvals, offer property-tax incentives and borrow public money more easily to attract commercial and residential development. With this designation in place, the Borough partnered with Sora Holdings, LLC (the “Developer”) and Rowan University for the creation of “Rowan Boulevard” or the “Boulevard”, a mixed retail and residential road that links downtown to the campus of Rowan University. The unique public-private partnership is restoring the concept of “downtown,” where shopping, working, living and playing take place in a cohesive, walkable community. Due to the cooperative nature of this innovative relationship, progress on construction of Rowan Boulevard is unhindered by the constraints of the economy. The Developer made a \$350 million commitment to Rowan Boulevard, with an additional \$1 million from Rowan University and an additional \$3 million for roadway construction from New Jersey Department of Transportation and federal sources.

The total redevelopment process, which spanned nearly 20 years, was completed in 2018 with the redevelopment of the final available parcels. The full project includes a combination of student housing, market-rate housing, classroom/office space, retail space, a hotel and parking structures. In total, Rowan Boulevard contains: (i) over 1,600 student housing units; (ii) approximately 115 market-rate luxury units; (iii) approximately 2,100 parking spaces; (iv) 600,000 square feet of mixed-use space, which includes a hotel, retail, restaurants, an urgent care and specialty medical offices; and (v) several classrooms, office space and a fitness center for Rowan University.

Notable buildings/retailers include: (i) a Barnes & Noble Collegiate Superstore, which was the first major retailer on the Boulevard; (ii) the Whitney Center, which was the first mixed-use project and includes a 129-room Marriott Courtyard hotel and conference center; (iii) a Continuing Graduate Education Center for Rowan University; and (iv) a 317,000 square foot mixed-use building at 220 Rowan Boulevard, which was awarded \$22.5 million in tax incentives over 10 years from the New Jersey Economic Development Authority, thanks to the 2013 Economic Opportunity Act.

Upon completion, Rowan Boulevard generates approximately \$2.5 million in new annual property taxes, approximately 400 short-term construction jobs and approximately 700 permanent jobs. Rowan Boulevard is the cornerstone of a much larger revitalization encompassing a total of 81-acres in several adjoining neighborhoods in the downtown redevelopment zone. The entire revitalization is expected to draw more than 125 new retail stores, infusing the local economy with more than \$225 million annually.

*Town Square and Downtown Arts & Entertainment District:* In 2016, the Borough was awarded funding from Green Acres for a 1.75-acre park to link the development along Rowan Boulevard with the Borough's existing commercial corridor on Main and High Streets. Formerly a series of underutilized buildings, the property evolved into beautifully programmed open space, that is home to daily, weekly, seasonal and annual events and festivities. The Town Square is the active, community-gathering place for the entire region where pedestrian-friendly streets and walkways provide the ideal atmosphere for enjoying a day with the family. The center of the park serves as the site for various large-scale community events. More intimate gathering spaces along the park's perimeter accommodate everyday outdoor activities, suitable for a growing downtown setting.

In addition, pavilions dedicated to the arts support the Downtown Arts & Entertainment District with nearly constant outdoor cultural and entertainment options. The Glassboro Performing Arts Center was the one of the first completed projects in the Downtown Arts & Entertainment District, and features a performing arts venue as well as mixed-use, visual arts-oriented space. Rowan University also leased space for its communications and fine arts offices, student newspaper instructional space and the Rowan Art Gallery. More recently, approximately 120 luxury market-rate units were constructed in the Town Square adjacent to the park. These units provide easy access to local events in the Town Square, including patronage at the local shops and restaurants, further spurring growth in the local economy. Additionally, there are plans to add 78 new up/down condo units. The upper units will have a rooftop deck.

*North/South Delsea Drive Corridor and the Route 55 Area:* The North Delsea Drive Corridor is home to various retail, restaurants and big box stores. Many of these businesses have relocated into the Borough and expanded their footprints. The South Delsea Drive Corridor was home to various old warehouses and mini-industrial parks. The Borough secured New Jersey Department of Environmental Protection Brownfields Grants to renovate the underutilized buildings at the site with the goal of developing flex and office space. As these businesses expand, they are relocating in the Borough and, in one case, developing their own Industrial Park along the Route 55 Corridor with additional flex space available for purchase or rent. The Borough continues negotiations with various developers to develop light industrial/office warehouse configurations in the area. The old Anchor Hocking factory was transformed into the Route 55 Industrial Center and successfully sub-divided to house multiple businesses. Additionally, the Route 55 Area is home to a multi-phase residential development that includes single-family homes, townhomes, flats and an over-55 community.

In 2017 the Glassboro Housing Authority completed demolition and environmental remediation of Ellis Manor, a former affordable housing project for low-income families. The site was composed of approximately 75 units and was long known for its high crime rate and as an unsafe place to live or visit. The site was redeveloped into the Village at Harmony Gardens, which includes 65 one-story cottage affordable units for seniors and developmentally disabled community members.

## **Education**

Public, private, and parochial educational options are available in the Borough. The Glassboro School District includes three (3) elementary schools, an intermediate school, and a high school. In a partnership with Rowan University, Glassboro School District's School Choice Academies offer Biomedical Studies, STEM and Fine & Performing Arts Learning Opportunities.

## **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

*[Remainder of page intentionally left blank]*

**Largest County Employers (as of 2023)**

| <u>Name</u>                         | <u>Number of Employees</u> |
|-------------------------------------|----------------------------|
| Amazon                              | 4,500                      |
| Rowan University                    | 3,500                      |
| Inspira Health                      | 2,051                      |
| Jefferson Health                    | 2,015                      |
| Washington Township School District | 1,515                      |
| Shop Rite                           | 1,300                      |
| County of Gloucester                | 1,200                      |
| US Foodservices                     | 1,014                      |
| Monroe Township School District     | 841                        |
| Walmart - Turnersville              | 800                        |

Source: Comprehensive Annual Financial Report of the School District

**Building Permits**

The Borough records of certificates of occupancy permits issued by the Borough Construction Code Officer illustrate the following growth patterns within the Borough for the past five (5) years.

| <u>Year</u> | <u>Number of Permits</u> | <u>Value of Construction</u> |
|-------------|--------------------------|------------------------------|
| 2023        | 122                      | \$16,499,722                 |
| 2022        | 779                      | 20,459,696                   |
| 2021        | 734                      | 9,750,711                    |
| 2020        | 700                      | 16,840,366                   |
| 2019        | 700                      | 8,123,782                    |

Source: The Borough & <https://www.nj.gov/labor/labormarketinformation/assets/>

**Labor Contracts**

| <u>Type of Employee</u>  | <u>Union</u>   | <u>Contract Expiration</u> |
|--------------------------|--|----------------------------|
| Blue Collar              | United Food And Commercial Workers Union, Local 1360 | 12/31/26                   |
| Police Department        | Fraternal Order of Police, Lodge 108                 | 12/31/24                   |
| Fire Department          | IAFF, Local 3592                                     | 12/31/24                   |
| Fire Department Superior | IAFF, Local 3592                                     | 12/31/24                   |
| White Collar             | Communication Workers of America AFL-CIO, Local 1085 | 12/31/25                   |

## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

|                       | <b><u>Total Labor<br/>Force</u></b> | <b><u>Employed<br/>Labor Force</u></b> | <b><u>Total<br/>Unemployed</u></b> | <b><u>Unemployment<br/>Rate</u></b> |
|-----------------------|-------------------------------------|--|------------------------------------|-------------------------------------|
| <b><u>Borough</u></b> |                                     |  |                                    |                                     |
| 2023                  | 10,715                              | 10,248                                 | 467                                | 4.4%                                |
| 2022                  | 10,488                              | 10,068                                 | 420                                | 4.0%                                |
| 2021                  | 10,278                              | 9,594                                  | 684                                | 6.7%                                |
| 2020                  | 10,165                              | 9,275                                  | 890                                | 8.8%                                |
| 2019                  | 10,205                              | 9,815                                  | 390                                | 3.8%                                |
| <b><u>County</u></b>  |                                     |  |                                    |                                     |
| 2023                  | 164,258                             | 157,191                                | 7,067                              | 4.3%                                |
| 2022                  | 160,615                             | 154,432                                | 6,183                              | 3.8%                                |
| 2021                  | 157,201                             | 147,161                                | 10,040                             | 6.4%                                |
| 2020                  | 156,240                             | 142,271                                | 13,969                             | 8.9%                                |
| 2019                  | 156,044                             | 150,439                                | 5,605                              | 3.6%                                |
| <b><u>State</u></b>   |                                     |  |                                    |                                     |
| 2023                  | 4,829,671                           | 4,615,722                              | 213,949                            | 4.4%                                |
| 2022                  | 4,736,213                           | 4,552,563                              | 183,650                            | 3.9%                                |
| 2021                  | 4,648,814                           | 4,337,793                              | 311,021                            | 6.7%                                |
| 2020                  | 4,638,386                           | 4,200,980                              | 437,406                            | 9.4%                                |
| 2019                  | 4,687,390                           | 4,525,044                              | 162,346                            | 3.5%                                |

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2022)**

|                         | <b><u>Borough</u></b> | <b><u>County</u></b> | <b><u>State</u></b> |
|-------------------------|-----------------------|----------------------|---------------------|
| Median Household Income | \$78,518              | \$99,668             | \$97,126            |
| Median Family Income    | 95,160                | 121,675              | 119,240             |
| Per Capita Income       | 34,417                | 45,933               | 50,995              |

Source: US Bureau of the Census, 2022 American Community Survey 5-Year Estimates



**Population**

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

| <u>Year</u> | <u>Borough</u>    |                 | <u>County</u>     |                 | <u>State</u>      |                 |
|-------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|             | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> |
| 2023 est.   | 23,987            | 3.6%            | 308,423           | 2.0%            | 9,290,841         | 0.0%            |
| 2020        | 23,149            | 24.6            | 302,294           | 4.9             | 9,288,994         | 5.7             |
| 2010        | 18,579            | -2.6            | 288,288           | 13.2            | 8,791,894         | 4.5             |
| 2000        | 19,068            | 22.1            | 254,673           | 10.7            | 8,414,350         | 8.9             |
| 1990        | 15,614            | 7.1             | 230,082           | 15.1            | 7,730,188         | 5.0             |

Source: United States Department of Commerce, Bureau of the Census

**Largest Taxpayers**

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

| <u>Taxpayers</u>                   | <u>2023<br/>Assessed Valuation</u> | <u>% of Total<br/>Assessed Valuation</u> |
|------------------------------------|------------------------------------|--|
| Borough of Glassboro               | \$29,606,800                       | 2.21%                                    |
| Essex Chase at Glassboro LLC       | 22,502,000                         | 1.68%                                    |
| Kranzco Realty Trust               | 22,500,000                         | 1.68%                                    |
| Park Crest Village                 | 19,000,000                         | 1.42%                                    |
| LMX Doubletree Ctr.                | 15,552,800                         | 1.16%                                    |
| Glassboro Crossings Apartments LP  | 13,000,000                         | 0.97%                                    |
| Hollybush Preservation Partners LP | 9,462,700                          | 0.71%                                    |
| Glassboro Plaza LLC                | 8,750,000                          | 0.65%                                    |
| Glassboro Properties II, LLC       | 8,581,100                          | 0.64%                                    |
| Eastern Pro Pak LLC                | <u>6,807,000</u>                   | <u>0.51%</u>                             |
| <b>Total</b>                       | <b><u>\$155,762,400</u></b>        | <b><u>11.64%</u></b>                     |

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

**Comparison of Tax Levies and Collections**

| <u>Year</u> | <u>Tax Levy</u> | <u>Current Year<br/>Collection</u> | <u>Current Year<br/>% of Collection</u> |
|-------------|-----------------|------------------------------------|---|
| 2023        | \$47,469,221    | \$46,889,499                       | 98.78%                                  |
| 2022        | 46,078,588      | 45,415,547                         | 98.56%                                  |
| 2021        | 45,538,914      | 44,744,099                         | 98.25%                                  |
| 2020        | 44,832,428      | 44,019,166                         | 98.19%                                  |
| 2019        | 44,422,721      | 43,568,931                         | 98.08%                                  |

Source: Annual Audit Reports of the Borough

**Delinquent Taxes and Tax Title Liens**

| <u>Year</u> | <u>Amount of Tax<br/>Title Liens</u> | <u>Amount of<br/>Delinquent Tax</u> | <u>Total<br/>Delinquent</u> | <u>% of<br/>Tax Levy</u> |
|-------------|--------------------------------------|-------------------------------------|-----------------------------|--------------------------|
| 2023        | \$89,379                             | \$556,274                           | \$645,652                   | 1.36%                    |
| 2022        | 101,830                              | 643,927                             | 745,756                     | 1.62%                    |
| 2021        | 85,757                               | 715,303                             | 801,060                     | 1.76%                    |
| 2020        | 95,507                               | 730,820                             | 826,328                     | 1.84%                    |
| 2019        | 86,801                               | 806,668                             | 893,469                     | 2.01%                    |

Source: Annual Audit Reports of the Borough

**Property Acquired by Tax Lien Liquidation**

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2023        | \$4,075,480   |
| 2022        | 4,075,480     |
| 2021        | 4,075,480     |
| 2020        | 4,158,955     |
| 2019        | 5,026,955     |

Source: Annual Audit Reports of the Borough

## **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for Borough residents for the past five (5) years.

| <u>Year</u> | <u>Municipal</u> | <u>Local School</u> | <u>County</u> | <u>Total</u> |
|-------------|------------------|---------------------|---------------|--------------|
| 2023        | \$1.076          | \$1.697             | \$0.726       | \$3.499      |
| 2022        | 1.040            | 1.684               | 0.740         | 3.464        |
| 2021        | 1.045            | 1.709               | 0.769         | 3.523        |
| 2020        | 1.044            | 1.700               | 0.799         | 3.543        |
| 2019        | 1.049            | 1.741               | 0.759         | 3.549        |

Source: Abstract of Ratables and State of New Jersey – Property Taxes

## **Valuation of Property**

| <u>Year</u> | <u>Aggregate Assessed Valuation of Real Property</u> | <u>Aggregate True Value of Real Property</u> | <u>Ratio of Assessed to True Value</u> | <u>Assessed Value of Personal Property</u> | <u>Equalized Valuation</u> |
|-------------|--|--|--|--|----------------------------|
| 2023        | \$1,337,916,600                                      | \$1,799,968,519                              | 74.33%                                 | \$0  | \$1,799,968,519            |
| 2022        | 1,318,462,200  | 1,580,321,467                                | 83.43                                  | 6,755,774                                  | 1,587,077,241              |
| 2021        | 1,276,971,700  | 1,368,819,488                                | 93.29                                  | 6,886,751                                  | 1,375,706,239              |
| 2020        | 1,258,030,700  | 1,282,265,518                                | 98.11                                  | 5,823,166                                  | 1,288,088,684              |
| 2019        | 1,243,910,200  | 1,285,296,756                                | 96.80                                  | 5,704,354                                  | 1,291,001,110              |

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Farm</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Apartments</u> | <u>Total</u>    |
|-------------|--------------------|--------------------|-------------|-------------------|-------------------|-------------------|-----------------|
| 2023        | \$62,156,700       | \$992,939,200      | \$1,342,100 | \$189,079,900     | \$21,111,600      | \$71,287,100      | \$1,337,916,600 |
| 2022        | 61,396,400         | 975,388,000        | 1,361,600   | 187,917,500       | 21,111,600        | 71,287,100        | 1,318,462,200   |
| 2021        | 66,533,200         | 957,456,400        | 1,476,800   | 176,408,600       | 21,111,600        | 53,985,100        | 1,276,971,700   |
| 2020        | 68,675,100         | 940,909,100        | 1,453,100   | 177,096,700       | 21,111,600        | 48,785,100        | 1,258,030,700   |
| 2019        | 70,856,100         | 922,709,300        | 1,717,100   | 179,332,700       | 21,536,000        | 47,759,000        | 1,243,910,200   |

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

| <b><u>Anticipated Revenues</u></b>          | <b><u>2020</u></b>  | <b><u>2021</u></b>  | <b><u>2022</u></b>  | <b><u>2023</u></b>  | <b><u>2024</u></b>  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Balance Utilized                       | \$1,708,000         | \$1,705,500         | \$1,984,500         | \$1,984,500         | \$3,118,500         |
| Miscellaneous Revenues                      | 12,550,486          | 12,532,242          | 13,638,251          | 13,133,825          | 12,860,169          |
| Receipts from Delinquent Taxes              | 859,000             | 786,829             | 725,000             | 660,000             | 582,000             |
| Amount to be Raised by Taxation             | <u>13,201,748</u>   | <u>13,414,031</u>   | <u>13,794,562</u>   | <u>14,397,282</u>   | <u>14,619,007</u>   |
| Total Revenue:                              | <u>\$28,319,235</u> | <u>\$28,438,601</u> | <u>\$30,142,313</u> | <u>\$30,175,606</u> | <u>\$31,179,675</u> |
| <br>  |                     |                     |                     |                     |                     |
| <b><u>Appropriations</u></b>                |                     |                     |                     |                     |                     |
| General Appropriations                      | \$19,765,961        | \$22,697,839        | \$23,134,579        | \$23,680,321        | \$24,804,822        |
| Operations (Excluded from CAPS)             | 1,208,310           | 1,150,073           | 2,454,183           | 2,073,093           | 1,877,871           |
| Deferred Charges and Statutory Expenditures | 2,614,526           | 0                   | 0                   | 0                   | 0                   |
| Transferred to Board of Education           | 84,313              | 82,443              | 83,377              | 83,550              | 83,356              |
| Capital Improvement Fund                    | 385,076             | 318,868             | 339,606             | 407,793             | 425,416             |
| Municipal Debt Service                      | 3,382,865           | 3,353,743           | 3,314,552           | 3,249,480           | 3,401,869           |
| Reserve for Uncollected Taxes               | <u>878,184</u>      | <u>835,635</u>      | <u>816,016</u>      | <u>681,369</u>      | <u>586,341</u>      |
| Total Appropriations:                       | <u>\$28,319,235</u> | <u>\$28,438,601</u> | <u>\$30,142,313</u> | <u>\$30,175,606</u> | <u>\$31,179,675</u> |

Source: Annual Adopted Budgets of the Borough

## **Fund Balance**

Current Fund - The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

### **Fund Balance - Current Fund**

| <b><u>Year</u></b> | <b><u>Balance<br/>12/31</u></b> | <b><u>Utilized in Budget<br/>of Succeeding Year</u></b> |
|--------------------|---------------------------------|---|
| 2023               | \$7,273,460                     | \$3,118,500   |
| 2022               | 5,833,906                       | 1,984,500   |
| 2021               | 5,244,871                       | 1,984,500   |
| 2020               | 4,279,205                       | 1,705,500   |
| 2019               | 4,537,101                       | 1,708,000   |

Source: Annual Audit Reports of the Borough

Water & Sewer Utility Operating Fund - The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water & Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

| <b>Fund Balance</b>                                  |                       |                                  |
|--|-----------------------|----------------------------------|
| <b><u>Water&amp;Sewer Utility Operating Fund</u></b> |                       |                                  |
| <b><u>Year</u></b>                                   | <b><u>Balance</u></b> | <b><u>Utilized in Budget</u></b> |
|  | <b><u>12/31</u></b>   | <b><u>of Succeeding Year</u></b> |
| 2023   | \$4,937,231           | \$2,395,581                      |
| 2022   | 5,420,980             | 2,437,998                        |
| 2021   | 5,786,084             | 2,435,667                        |
| 2020   | 6,198,154             | 2,077,139                        |
| 2019   | 7,310,663             | 1,614,039                        |

Source: Annual Audit Reports of the Borough

Parking Utility Operating Fund - The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Parking Utility Operating Fund for the past five (5) fiscal years ending December 31.

| <b>Fund Balance</b>                          |                       |                                  |
|--|-----------------------|----------------------------------|
| <b><u>Parking Utility Operating Fund</u></b> |                       |                                  |
| <b><u>Year</u></b>                           | <b><u>Balance</u></b> | <b><u>Utilized in Budget</u></b> |
|  | <b><u>12/31</u></b>   | <b><u>of Succeeding Year</u></b> |
| 2023   | \$27,219              | \$25,000                         |
| 2022   | 26,815                | 25,000                           |
| 2021   | 26,647                | 25,000                           |
| 2020   | 26,514                | 25,000                           |
| 2019   | 26,371                | 25,000                           |

Source: Annual Audit Reports of the Borough

*[Remainder of page intentionally left blank]*

**Borough Indebtedness as of December 31, 2023**

**General Purpose Debt**

|   |                  |
|---|------------------|
| Serial Bonds                              | \$23,395,000     |
| Bond Anticipation Notes                   | 3,980,075        |
| Bonds and Notes Authorized but Not Issued | 3,607,150        |
| Other Bonds, Notes and Loans              | <u>1,049,300</u> |
| Total:                                    | \$32,031,525     |

**Local School District Debt**

|   |              |
|---|--------------|
| Serial Bonds                              | \$15,687,000 |
| Temporary Notes Issued                    | 0            |
| Bonds and Notes Authorized but Not Issued | <u>0</u>     |
| Total:                                    | \$15,687,000 |

**Self-Liquidating Debt**

|   |              |
|---|--------------|
| Serial Bonds                              | \$10,887,000 |
| Bond Anticipation Notes                   | 4,775,000    |
| Bonds and Notes Authorized but Not Issued | 1,475,000    |
| Other Bonds, Notes and Loans              | <u>0</u>     |
| Total:                                    | \$17,137,000 |

**TOTAL GROSS DEBT**

**\$64,855,525**

Less: Statutory Deductions

|                            |                   |
|----------------------------|-------------------|
| General Purpose Debt       | \$74,950          |
| Local School District Debt | 15,687,000        |
| Self-Liquidating Debt      | <u>17,137,000</u> |
| Total:                     | \$32,898,950      |

**TOTAL NET DEBT**

**\$31,956,575**

Source: Annual Debt Statement of the Borough

*[Remainder of page intentionally left blank]*

**Overlapping Debt (as of December 31, 2023)<sup>3</sup>**

| <b><u>Name of Related Entity</u></b> | <b><u>Related Entity<br/>Debt Outstanding</u></b> | <b><u>Borough<br/>Percentage</u></b> | <b><u>Borough<br/>Share</u></b> |
|--------------------------------------|---|--------------------------------------|---------------------------------|
| Local School District                | \$15,687,000                                      | 100.00%                              | \$15,687,000                    |
| County                               | 334,838,418                                       | 4.72%                                | <u>15,811,708</u>               |
| Net Indirect Debt                    |   |                                      | \$31,498,708                    |
| Net Direct Debt                      |   |                                      | <u>31,956,575</u>               |
| Total Net Direct and Indirect Debt   |   |                                      | <b><u>\$63,455,283</u></b>      |

**Debt Limit**

|  |                     |
|--|---------------------|
| Average Equalized Valuation Basis (2021, 2022, 2023)     | \$1,583,036,491     |
| Permitted Debt Limitation (3 1/2%)                       | 55,406,277          |
| Less: Net Debt   | <u>31,956,575</u>   |
| Remaining Borrowing Power                                | <u>\$23,449,702</u> |
| Percentage of Net Debt to Average Equalized Valuation    | 2.019%              |
| Gross Debt Per Capita based on 2020 population of 23,149 | \$2,802             |
| Net Debt Per Capita based on 2020 population of 23,149   | \$1,380             |

Source: Annual Debt Statement of the Borough

<sup>3</sup> Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE BOROUGH OF GLASSBORO**



## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Glassboro  
Glassboro, New Jersey 08028

### **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 Glassboro, in the County of Gloucester, State of New Jersey, as of December 31, 2023, 2022 and 2021, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Glassboro, in the County of Gloucester, State of New Jersey, as of December 31, 2023, 2022 and 2021, 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 Glassboro, in the County of Gloucester, State of New Jersey, as of December 31, 2023, 2022 and 2021, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions on Regulatory Basis of Accounting***

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

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

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Carol A. McAllister*

Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
July 3, 2024

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

|  | <b>As of December 31,</b> |                      |                      |
|--|---------------------------|----------------------|----------------------|
|  | <b><u>2023</u></b>        | <b><u>2022</u></b>   | <b><u>2021</u></b>   |
| <b><u>Assets</u></b>                             |                           |                      |                      |
| Regular Fund:                                    |                           |                      |                      |
| Cash - Chief Financial Officer                   | \$ 11,953,507             | \$ 10,274,649        | \$ 9,712,722         |
| Cash - Change Fund                               | 1,300                     | 950                  | 950                  |
|  | <u>11,954,807</u>         | <u>10,275,599</u>    | <u>9,713,672</u>     |
| Receivables and Other Assets with Full Reserves: |                           |                      |                      |
| Delinquent Property Taxes Receivable             | 556,274                   | 643,927              | 715,303              |
| Tax Title Liens Receivable                       | 89,379                    | 101,830              | 85,757               |
| Miscellaneous Liens Receivable                   | 500                       | 20,977               | 5,625                |
| Property Acquired for Taxes--Assessed Valuation  | 4,075,480                 | 4,075,480            | 4,075,480            |
| Revenue Accounts Receivable                      | 42,193                    | 38,990               | 24,241               |
| Due From Federal and State Grant Fund            | 436,402                   | 374,423              | 850,446              |
| Due From Animal Control Trust Fund               |                           | 1,348                | 1,348                |
| Local Grants Receivable                          | 9,000                     | 8,925                | 181,000              |
|  | <u>5,209,228</u>          | <u>5,265,899</u>     | <u>5,939,199</u>     |
|  | <u>17,164,035</u>         | <u>15,541,498</u>    | <u>15,652,871</u>    |
| Federal and State Grant Fund:                    |                           |                      |                      |
| Cash - Chief Financial Officer                   |                           | 1,064,944            | 1,047,758            |
| Federal and State Grants Receivable              | 2,873,526                 | 1,810,703            | 2,261,013            |
|  | <u>2,873,526</u>          | <u>2,875,646</u>     | <u>3,308,771</u>     |
| Total Assets                                     | <u>\$ 20,037,561</u>      | <u>\$ 18,417,145</u> | <u>\$ 18,961,642</u> |

(Continued)

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

|  | <b>As of December 31,</b> |                    |                    |
|--|---------------------------|--------------------|--------------------|
|  | <b><u>2023</u></b>        | <b><u>2022</u></b> | <b><u>2021</u></b> |
| <b><u>Liabilities, Reserves and Fund Balance</u></b>                 |                           |                    |                    |
| Regular Fund:  |                           |                    |                    |
| Appropriation Reserves   | \$ 1,952,218              | \$ 1,781,542       | \$ 1,607,987       |
| Reserve for Encumbrances   | 323,589                   | 263,281            | 313,605            |
| Due to State of New Jersey - Veterans and Senior Citizens Deductions | 58,010                    | 59,164             | 55,135             |
| Prepaid Taxes  | 456,644                   | 442,972            | 527,100            |
| Tax Overpayments   | 0                         | 6,671              | 9,600              |
| Due County for Added and Omitted Taxes                               | 110,727                   | 36,350             | 61,601             |
| Accounts Payable   | 67,914                    | 963                | 12,495             |
| Reserve for Administrative Fee                                       | 797,465                   | 917,465            | 902,465            |
| Reserve for Municipal Relief Fund Aid                                | 264,660                   | 132,358            |                    |
| Reserve for Demolition Loan  | 150,300                   | 225,250            | 300,200            |
| Reserve for Coronavirus Local Fiscal Recovery Fund                   | 4,126                     | 3,281              |                    |
| Reserve for Due to State of NJ - Lead Paint Fees                     | 3,380                     |                    |                    |
| Reserve for Local Grants - Appropriated                              | 489,934                   | 569,746            | 670,149            |
| Reserve for Encumbrances for Local Grants                            | 1,654                     | 2,650              | 8,139              |
| Due to State of New Jersey - Fees                                    | 725                       |                    | 325                |
|  |                           |                    |                    |
| Total Liabilities  | 4,681,347                 | 4,441,693          | 4,468,801          |
|  |                           |                    |                    |
| Reserve for Receivables  | 5,209,228                 | 5,265,899          | 5,939,199          |
| Fund Balance   | 7,273,460                 | 5,833,906          | 5,244,871          |
|  |                           |                    |                    |
|  | 17,164,035                | 15,541,498         | 15,652,871         |
|  |                           |                    |                    |
| Federal and State Grant Fund:  |                           |                    |                    |
| Reserve for Encumbrances   | 173,804                   | 372,656            | 84,479             |
| Reserve for Federal and State Grants:                                |                           |                    |                    |
| Unappropriated   | 3,955                     | 1,064,944          | 1,047,758          |
| Appropriated   | 2,259,365                 | 1,063,624          | 1,326,088          |
| Due to Current Fund  | 436,402                   | 374,423            | 850,446            |
|  |                           |                    |                    |
|  | 2,873,526                 | 2,875,646          | 3,308,771          |
|  |                           |                    |                    |
|  | \$ 20,037,561             | \$ 18,417,145      | \$ 18,961,642      |
|  |                           |                    |                    |

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

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

|   | <b>For the Years Ended December 31,</b> |                     |                     |
|---|---|---------------------|---------------------|
|   | <b><u>2023</u></b>                      | <b><u>2022</u></b>  | <b><u>2021</u></b>  |
| <b>Revenue and Other Income Realized:</b>             |   |                     |                     |
| Fund Balance Utilized                                 | \$ 1,984,500                            | \$ 1,984,500        | \$ 1,705,500        |
| Miscellaneous Revenues Anticipated                    | 15,296,667                              | 13,712,980          | 13,113,681          |
| Receipts from Delinquent Taxes                        | 674,277                                 | 709,853             | 759,151             |
| Receipts from Current Taxes                           | 46,889,499                              | 45,415,547          | 44,744,099          |
| Non-Budget Revenues                                   | 1,507,577                               | 577,777             | 1,006,104           |
| Other Credits to Income:                              |   |                     |                     |
| Unexpended Balance of Appropriation Reserves          | 1,297,978                               | 1,358,378           | 1,560,756           |
| Cancellation of Accounts Payable                      | 115                                     |                     | 78                  |
| Interfund Loans Returned                              | 1,348                                   | 648,099             | 507,513             |
| Election - Contra Excess                              | 631                                     |                     |                     |
| Refund of Prior Year Expenditures                     | 11,635                                  |                     |                     |
| Refund of Prior Year Revenue                          |   |                     | 1,375               |
| Statutory Excess in Animal Control Fund               |   |                     | 1,348               |
| Cancellation of Local Grants Appropriated             | 557                                     |                     |                     |
| Cancellation of Federal and State Grants Appropriated |   | 41,097              | 26,497              |
|   |   | <hr/>               | <hr/>               |
| Total Income  | 67,664,784                              | 64,448,231          | 63,426,102          |
| <b>Expenditures:</b>                                  |   |                     |                     |
| Budget Appropriations:                                |   |                     |                     |
| Appropriations Within "CAPS":                         |   |                     |                     |
| Salaries and Wages                                    | 12,192,578                              | 12,564,818          | 12,402,698          |
| Other Expenses  | 7,953,719                               | 7,465,759           | 7,407,944           |
| Deferred Charges and Statutory Expenditures           | 3,534,024                               | 3,104,002           | 2,892,397           |
| Appropriations Excluded from "CAPS":                  |   |                     |                     |
| Other Expenses  | 4,232,191                               | 2,794,733           | 2,212,993           |
| Capital Improvements                                  | 92,350                                  | 97,500              | 54,150              |
| Municipal Debt Service                                | 3,249,479                               | 3,314,550           | 3,276,878           |
| Transferred to Boards of Education                    | 83,550                                  | 83,377              | 82,443              |
| County Taxes  | 8,588,231                               | 8,681,228           | 8,730,138           |
| County Library Taxes                                  | 587,850                                 | 590,173             | 601,340             |
| County Open Space Taxes                               | 531,879                                 | 514,160             | 533,673             |
| County for Added and Omitted Taxes                    | 110,727                                 | 36,350              | 61,601              |
| Local District School Tax                             | 22,707,964                              | 22,313,931          | 21,940,368          |
| Cancellation of Federal and State Grants Receivable   |   | 1,097               | 26,497              |
| Cancellation of Local Grants Receivable               | 557                                     |                     |                     |
| Tax Overpayments Created                              | 7,267                                   |                     | 43,562              |
| Prior Year Senior Citizen Disallowed                  | 1,500                                   | 2,672               |                     |
| Land Tax  | 304,809                                 | 306,001             | 305,906             |
| Refund of Prior Year Revenue                          |   | 4,345               |                     |
| Interfund Loans Advanced                              | 62,054                                  |                     | 182,348             |
|   |   | <hr/>               | <hr/>               |
| Total Expenditures                                    | 64,240,730                              | 61,874,696          | 60,754,936          |
| Excess in Revenues                                    | 3,424,054                               | 2,573,535           | 2,671,166           |
| Fund Balance January 1                                | 5,833,906                               | 5,244,871           | 4,279,205           |
| Sub-Total   | 9,257,960                               | 7,818,406           | 6,950,371           |
| Decreased by:   |   |                     |                     |
| Utilized as Anticipated Revenue                       | 1,984,500                               | 1,984,500           | 1,705,500           |
| Fund Balance December 31                              | <u>\$ 7,273,460</u>                     | <u>\$ 5,833,906</u> | <u>\$ 5,244,871</u> |

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

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

|  | <b>As of December 31,</b> |              |              |
|--|---------------------------|--------------|--------------|
|  | <b>2023</b>               | <b>2022</b>  | <b>2021</b>  |
| <b>Assets:</b>                                   |                           |              |              |
| Animal Control Fund:                             |                           |              |              |
| Cash - Chief Financial Officer                   | \$ 16,833                 | \$ 26,762    | \$ 35,573    |
|  | 16,833                    | 26,762       | 35,573       |
| Trust Other Fund:                                |                           |              |              |
| Cash - Chief Financial Officer                   | 5,332,431                 | 4,666,656    | 3,816,914    |
| Cash - Change Fund                               | 25                        | 25           | 25           |
|  | 5,332,456                 | 4,666,681    | 3,816,939    |
|  | \$ 5,349,289              | \$ 4,693,443 | \$ 3,852,512 |
| <b>Liabilities and Reserves:</b>                 |                           |              |              |
| Animal Control Fund:                             |                           |              |              |
| Reserve for Animal Control Fund Expenditures     | \$ 16,815                 | \$ 25,410    | \$ 34,217    |
| Due to State of New Jersey - Dog License Fees    | 18                        | 4            | 8            |
| Due to Current Fund                              |                           | 1,348        | 1,348        |
|  | 16,833                    | 26,762       | 35,573       |
| Trust Other Fund:                                |                           |              |              |
| Due to State of New Jersey:                      |                           |              |              |
| DCA Fees   | 10,332                    | 10,603       | 8,048        |
| Miscellaneous Trust Reserves and Escrows:        |                           |              |              |
| Payroll Deductions                               | 209,238                   | 128,184      | 150,314      |
| Park and Recreation                              | 204,591                   | 195,005      | 161,480      |
| Off-Duty Police                                  | 29,229                    | 27,227       | 26,667       |
| POAA Fees  | 5,770                     | 6,156        | 7,472        |
| Recycling  | 285,299                   | 353,698      | 323,105      |
| Public Defender                                  | 18,809                    | 13,264       | 7,574        |
| Uniform Fire Safety Penalty Monies               | 20,997                    | 17,837       | 23,385       |
| Police Donations                                 | 8,765                     | 11,295       | 8,031        |
| Construction Code Enforcement                    | 1,310,253                 | 1,160,618    | 893,794      |
| Storm Recovery                                   | 150,085                   | 125,085      | 140,590      |
| Community Events Donations                       | 93,535                    | 94,760       | 100,264      |
| Fiber Optic Maintenance                          | 85,670                    | 85,361       | 81,722       |
| Deposits for Redemption of Tax Sale Certificates | 2,926                     | 41,611       |              |
| Reserve for Tax Sale Premiums                    | 260,800                   | 321,300      | 235,500      |
| Reserve for Affordable Housing Fees              | 1,408,092                 | 1,015,360    | 667,594      |
| Reserve for Developers' Escrow Fees              | 895,733                   | 730,402      | 645,869      |
| Reserve for Unemployment Claims                  | 218,072                   | 214,070      | 216,999      |
| Reserve for Foreited Funds                       | 14,261                    | 14,846       | 18,533       |
| Abandoned Property Maintenance                   | 100,000                   | 100,000      | 100,000      |
|  | 5,332,456                 | 4,666,681    | 3,816,939    |
|  | \$ 5,349,289              | \$ 4,693,443 | \$ 3,852,512 |

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

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

|   | <b>As of December 31,</b> |                      |                      |
|---|---------------------------|----------------------|----------------------|
|   | <b><u>2023</u></b>        | <b><u>2022</u></b>   | <b><u>2021</u></b>   |
| <b><u>Assets:</u></b>                                 |                           |                      |                      |
| Cash - Chief Financial Officer                        | \$ 537,531                | \$ 3,362,363         | \$ 2,796,653         |
| Demolition Loan Receivable                            | 277,967                   | 277,967              | 286,541              |
| Grants Receivable                                     | 1,000,000                 | 1,000,000            |                      |
| Deferred Charges to Future Taxation:                  |                           |                      |                      |
| Funded  | 24,444,300                | 26,999,250           | 29,673,620           |
| Unfunded  | 7,587,225                 | 5,832,575            | 3,980,075            |
|   | <b>\$ 33,847,024</b>      | <b>\$ 37,472,155</b> | <b>\$ 36,736,889</b> |
| <b><u>Liabilities, Reserves and Fund Balance:</u></b> |                           |                      |                      |
| General Serial Bonds                                  | \$ 23,395,000             | \$ 25,875,000        | \$ 28,474,420        |
| Demolition Loan Payable                               | 1,049,300                 | 1,124,250            | 1,199,200            |
| Bond Anticipation Notes                               | 3,980,075                 | 3,980,075            | 2,851,225            |
| Improvement Authorizations:                           |                           |                      |                      |
| Funded  | 1,089,148                 | 1,279,722            | 1,533,393            |
| Unfunded  | 2,826,715                 | 3,880,281            | 1,864,010            |
| Due to Current Fund                                   |                           |                      |                      |
| Reserve for Encumbrances                              | 1,451,547                 | 1,279,664            | 789,967              |
| Capital Improvement Fund                              | 2,862                     | 2,862                | 2,862                |
| Fund Balance  | 52,378                    | 50,301               | 21,812               |
|   | <b>\$ 33,847,024</b>      | <b>\$ 37,472,155</b> | <b>\$ 36,736,889</b> |

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

**BOROUGH OF GLASSBORO - WATER AND SEWER UTILITY FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

|  | <b>As of December 31,</b> |                      |                      |
|--|---------------------------|----------------------|----------------------|
|  | <b><u>2023</u></b>        | <b><u>2022</u></b>   | <b><u>2021</u></b>   |
| <b>Assets:</b>                           |                           |                      |                      |
| Operating Fund:                          |                           |                      |                      |
| Cash - Chief Financial Officer           | \$ 6,835,151              | \$ 7,088,330         | \$ 7,155,876         |
| Change Fund                              | 100                       | 100                  | 100                  |
|  | <u>6,835,251</u>          | <u>7,088,430</u>     | <u>7,155,976</u>     |
| Receivables With Full Reserves:          |                           |                      |                      |
| Consumer Accounts Receivable             | 458,937                   | 465,236              | 552,899              |
| Utility Liens Receivable                 | 3,669                     | 7,357                | 12,786               |
| Miscellaneous Rents Receivable           | 39,605                    | 24,980               |                      |
| Miscellaneous Liens Receivable           | 327                       | 1,857                | 1,644                |
|  | <u>502,538</u>            | <u>499,430</u>       | <u>567,330</u>       |
| Total Operating Fund                     | <u>7,337,789</u>          | <u>7,587,861</u>     | <u>7,723,306</u>     |
| Capital Fund:                            |                           |                      |                      |
| Cash - Chief Financial Officer           | 876,789                   | 1,691,258            | 2,699,208            |
| Fixed Capital                            | 44,205,536                | 44,007,786           | 43,705,665           |
| Fixed Capital Authorized and Uncompleted | 9,185,000                 | 7,710,000            | 7,710,000            |
|  | <u>54,267,325</u>         | <u>53,409,044</u>    | <u>54,114,872</u>    |
| Total Capital Fund                       | <u>54,267,325</u>         | <u>53,409,044</u>    | <u>54,114,872</u>    |
|  | <u>\$ 61,605,113</u>      | <u>\$ 60,996,905</u> | <u>\$ 61,838,179</u> |

(Continued)



**BOROUGH OF GLASSBORO - WATER AND SEWER UTILITY FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

|   | <b>As of December 31,</b> |                      |                      |
|---|---------------------------|----------------------|----------------------|
|   | <b><u>2023</u></b>        | <b><u>2022</u></b>   | <b><u>2021</u></b>   |
| <b><u>Liabilities, Reserves and Fund Balance:</u></b> |                           |                      |                      |
| Operating Fund:                                       |                           |                      |                      |
| Appropriation Reserves                                | \$ 1,371,750              | \$ 1,096,074         | \$ 1,098,856         |
| Encumbrances Payable                                  | 339,772                   | 407,088              | 147,466              |
| Accounts Payable                                      | 13,489                    | 8,973                |                      |
| Utility Rent Overpayments                             | 41,904                    | 28,040               | 28,133               |
| Accrued Interest on Bonds, Notes and Loans            | 130,884                   | 127,276              | 95,437               |
|   | <u>1,897,799</u>          | <u>1,667,451</u>     | <u>1,369,892</u>     |
| Reserve for Receivables                               | 502,538                   | 499,430              | 567,330              |
| Fund Balance  | <u>4,937,452</u>          | <u>5,420,980</u>     | <u>5,786,084</u>     |
| <br>  |                           |                      |                      |
| Total Operating Fund                                  | <u>7,337,789</u>          | <u>7,587,861</u>     | <u>7,723,306</u>     |
| <br>  |                           |                      |                      |
| Capital Fund:   |                           |                      |                      |
| Serial Bonds Payable                                  | 10,887,000                | 12,442,000           | 14,132,580           |
| Bond Anticipation Notes                               | 4,775,000                 | 4,775,000            | 4,120,000            |
| Improvement Authorizations:                           |                           |                      |                      |
| Funded  | 136,928                   | 185,777              | 2,526,837            |
| Unfunded  | 1,863,466                 | 749,771              | 253,394              |
| Reserve for Encumbrances                              | 250,103                   | 656,909              | 504,006              |
| Reserve for Amortization                              | 36,253,536                | 34,500,786           | 32,508,085           |
| Capital Fund Balance                                  | <u>101,293</u>            | <u>98,801</u>        | <u>69,971</u>        |
| <br>  |                           |                      |                      |
| Total Capital Fund                                    | <u>54,267,325</u>         | <u>53,409,044</u>    | <u>54,114,872</u>    |
|   | <u>\$ 61,605,113</u>      | <u>\$ 60,996,905</u> | <u>\$ 61,838,179</u> |

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

**BOROUGH OF GLASSBORO - WATER AND SEWER UTILITY FUND**  
**Statements of Operations and Changes**  
**in Fund Balance -- Regulatory Basis**

|  | <b>For the Years Ended December 31,</b> |                     |                     |
|--|---|---------------------|---------------------|
|  | <b><u>2023</u></b>                      | <b><u>2022</u></b>  | <b><u>2021</u></b>  |
| <b>Revenue and Other Income Realized:</b>    |   |                     |                     |
| Fund Balance Utilized                        | \$ 2,437,998                            | \$ 2,435,667        | \$ 2,077,139        |
| Rents  | 10,122,147                              | 10,067,960          | 9,676,161           |
| Meter Purchases                              | 171,870                                 | 181,784             | 62,723              |
| Delinquency Fees                             | 108,258                                 |                     |                     |
| Shared Service Agreement - Monroe Township   | 687,251                                 | 651,050             | 677,705             |
| Miscellaneous Revenue Not Anticipated        | 950,042                                 | 814,273             | 416,872             |
| Utility Capital Fund Balance                 | 60,348                                  | 31,518              |                     |
| Other Credits to Income:                     |   |                     |                     |
| Unexpended Balance of Appropriation Reserve  | 842,624                                 | 748,172             | 1,120,268           |
| Refund of Prior Year Revenue                 |   | 4,741               |                     |
| Accounts Payable Canceled                    |   |                     | 11,039              |
| <b>Total Income</b>                          | <b>15,380,538</b>                       | <b>14,935,166</b>   | <b>14,041,907</b>   |
| <b>Expenditures:</b>                         |   |                     |                     |
| Operating                                    | 9,306,753                               | 8,750,314           | 8,518,332           |
| Capital Improvements                         | 495,000                                 | 440,000             | 305,000             |
| Debt Service                                 | 2,111,970                               | 2,177,419           | 2,097,137           |
| Deferred Charges and Statutory Expenditures  | 556,346                                 | 531,898             | 500,370             |
| Surplus - General Budget                     | 956,000                                 | 956,000             | 956,000             |
| Accounts Payable Created for Prior Year Bill |   | 8,973               |                     |
| <b>Total Expenditures</b>                    | <b>13,426,069</b>                       | <b>12,864,603</b>   | <b>12,376,839</b>   |
| Excess in Revenues                           | 1,954,470                               | 2,070,563           | 1,665,068           |
| Fund Balance January 1                       | 5,420,980                               | 5,786,084           | 6,198,154           |
| Sub-Total                                    | 7,375,449                               | 7,856,646           | 7,863,223           |
| Decreased by:                                |   |                     |                     |
| Utilized as Anticipated Revenue              | 2,437,998                               | 2,435,667           | 2,077,139           |
| <b>Fund Balance December 31</b>              | <b>\$ 4,937,452</b>                     | <b>\$ 5,420,980</b> | <b>\$ 5,786,084</b> |

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

**BOROUGH OF GLASSBORO - PARKING UTILITY OPERATING FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

|   | <b>As of December 31,</b> |                    |                    |
|---|---------------------------|--------------------|--------------------|
|   | <b><u>2023</u></b>        | <b><u>2022</u></b> | <b><u>2021</u></b> |
| <b><u>Assets:</u></b>                                 |                           |                    |                    |
| Operating Fund:                                       |                           |                    |                    |
| Cash - Chief Financial Officer                        | \$ 27,219                 | \$ 26,815          | \$ 26,647          |
| Total Operating Fund                                  | \$ 27,219                 | \$ 26,815          | \$ 26,647          |
| <b><u>Liabilities, Reserves and Fund Balance:</u></b> |                           |                    |                    |
| Fund Balance  | \$ 27,219                 | \$ 26,815          | \$ 26,647          |
| Total Operating Fund                                  | \$ 27,219                 | \$ 26,815          | \$ 26,647          |

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

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

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Borough of Glassboro (hereafter referred to as the "Borough") was incorporated in 1920 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2020 census is 18,579. The Borough is 9.2 square miles.

The Borough of Glassboro operates under a Mayor-Council form of government headed by the Mayor who is elected to serve a four-year term. Members of Council are elected to staggered three-year terms with two seats up each year. Executive and legislative responsibility rests with the Borough Council. The Business Administrator, appointed by Mayor and Council, oversees the daily operations of the Borough.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The financial statements of the Borough of Glassboro contain all funds and account groups in accordance with the "Requirements of Audit" 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 of Audit 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 of Glassboro 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 and Sewer Utility Operating and Capital Funds** - The water and sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

**Parking Utility Operating Fund** - The parking utility operating fund accounts for the parking operations undertaken by the Borough.

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

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

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

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

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

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

The cash management plan adopted by the Borough of Glassboro 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 their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes 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 and improvements and contributed capital.

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

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

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

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

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

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

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

**School Taxes** - The Borough of Glassboro is responsible for levying, collecting, and remitting school taxes for the Borough of Glassboro 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 Borough of Glassboro is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. 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 fiscal 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 \$25,086,755.17 were exposed to custodial credit risk as follows:

|                                |                         |
|--------------------------------|-------------------------|
| Insured by FDIC and GUDPA      | \$ 24,205,645.19        |
| Uninsured and Uncollateralized | <u>881,109.98</u>       |
| Total                          | <u>\$ 25,086,755.17</u> |

**New Jersey Asset and Rebate Management Program (NJ/ARM)** - During the year, the Borough participated in the New Jersey Asset & Rebate Management Program. The program was created in 1989 as a joint investment trust under the Interlocal Service Act. NJ/ARM provides local governments in New Jersey with investment management services for capital, reserve, general operating funds and for arbitrage rebate compliance for bond and note issue. The program advisory board is made up of New Jersey local government officials and is managed by PFM Asset Management LLC. The Program is designed to be in compliance with New Jersey statutes and regulations for allowable investments. The fund deposits can be liquidated on a daily basis and have an AAA rating by Standard & Poor's. NJ/ARM funds are not subject to custodial risk as defined above. Borough deposits with the fund are considered cash equivalents and at December 31, 2023 the balance was \$1,011,233.54.

**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:

|                            | <u>Year Ended</u> |             |             |             |             |
|----------------------------|-------------------|-------------|-------------|-------------|-------------|
|                            | <u>2023</u>       | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Tax Rate                   | \$ 3.499          | \$ 3.464    | \$ 3.523    | \$ 3.543    | \$ 3.549    |
| Apportionment of Tax Rate: |                   |             |             |             |             |
| Municipal                  | \$ 1.076          | \$ 1.040    | \$ 1.045    | \$ 1.044    | \$ 1.049    |
| County                     | .642              | .656        | .680        | .707        | .670        |
| County Library             | .044              | .045        | .047        | .049        | .048        |
| County Open Space          |                   |             |             |             |             |
| Preservation Trust Fund    | .040              | .039        | .042        | .043        | .041        |
| Local School               | 1.697             | 1.684       | 1.709       | 1.700       | 1.741       |

**Assessed Valuation**

| <u>Year</u> | <u>Amount</u>       |
|-------------|---------------------|
| 2023        | \$ 1,337,916,600.00 |
| 2022        | 1,325,217,974.00    |
| 2021        | 1,283,858,451.00    |
| 2020        | 1,263,853,866.00    |
| 2019        | 1,249,614,554.00    |

**Comparison of Tax Levies and Collections**

| <u>Year</u> | <u>Tax Levy</u>  | <u>Collections</u> | <u>Percentage of Collections</u> |
|-------------|------------------|--------------------|----------------------------------|
| 2023        | \$ 47,469,220.52 | \$ 46,889,498.77   | 98.78%                           |
| 2022        | 46,078,587.90    | 45,415,547.07      | 98.56%                           |
| 2021        | 45,538,913.94    | 44,744,098.82      | 98.25%                           |
| 2020        | 44,832,428.39    | 44,019,165.51      | 98.19%                           |
| 2019        | 44,422,720.66    | 43,568,931.49      | 98.08%                           |

**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        | \$ 89,378.56           | \$ 556,273.81           | \$ 645,652.37           | 1.36%                         |
| 2022        | 101,829.54             | 643,926.50              | 745,756.04              | 1.62%                         |
| 2021        | 85,756.63              | 715,302.65              | 801,059.28              | 1.76%                         |
| 2020        | 95,507.34              | 730,820.42              | 826,327.76              | 1.84%                         |
| 2019        | 86,801.46              | 806,667.61              | 893,469.07              | 2.01%                         |

**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        | 14            |
| 2022        | 17            |
| 2021        | 25            |
| 2020        | 14            |
| 2019        | 59            |

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

| <u>Year</u> | <u>Amount</u>   |
|-------------|-----------------|
| 2023        | \$ 4,075,480.00 |
| 2022        | 4,075,480.00    |
| 2021        | 4,075,480.00    |
| 2020*       | 4,158,955.00    |
| 2019        | 5,026,955.00    |

\* restated

**Note 5: WATER AND SEWER UTILITY SERVICE CHARGES**

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

| <u>Year</u> | <u>Balance Beginning of Year</u> |              | <u>Levy</u>      | <u>Total</u>     | <u>Cash Collections</u> |
|-------------|----------------------------------|--------------|------------------|------------------|-------------------------|
|             | <u>Receivable</u>                | <u>Liens</u> |                  |                  |                         |
| 2023        | \$ 465,235.72                    | \$ 7,357.43  | \$ 10,111,408.90 | \$ 10,584,002.05 | \$ 10,122,147.05        |
| 2022        | 552,899.48                       | 12,786.41    | 9,983,131.04     | 10,548,816.93    | 10,067,960.06           |
| 2021        | 469,460.36                       | 13,766.26    | 9,758,497.27     | 10,241,723.89    | 9,672,860.65            |
| 2020        | 293,554.85                       | 9,496.86     | 9,604,649.06     | 9,907,700.77     | 9,419,314.00            |
| 2019        | 346,643.56                       | 14,482.65    | 9,795,794.89     | 10,156,921.10    | 9,844,863.60            |

**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 Tower Leases** - The Borough has entered into multiple agreements with various cellular service providers for the use of the Borough's real property for transmitting and receiving wireless communications. The leases commenced between 1999 and 2015 and range between 25 and 30 years. The terms of each agreement include a fixed monthly payment with annual increases.

Under the provisions of GASB 87, as of December 31, 2023, the balance of the lease receivable is \$892,421.74. 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.

**Buildings** - On December 1, 2023, the Borough entered into a five (5) year sub-lease agreement with the Gloucester County Library Commission (the "Library Commission") for office space located at 101 Rowan Boulevard, Glassboro, New Jersey – the new location of the Glassboro branch of the Library Commission. The end of the lease term is November 30, 2028. The implied interest rate is based on the Borough's estimated incremental borrowing rate of 4.00%. Based on the terms of this lease, the annual rent is \$37,996.00 for each of the five years. The Library Commission paid \$189,980.00, for the five-year sub-lease in advance, during the year ended December 31, 2023.

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

| <u>Lease Description</u> | <u>Lease<br/>Receivable</u> | <u>Lease<br/>Revenue</u> | <u>Lease<br/>Interest<br/>Revenue</u> |
|--------------------------|-----------------------------|--------------------------|---------------------------------------|
| Cell Towers              | \$ 892,421.74               | \$ 53,381.52             | \$ 21,333.62                          |
| Building                 |                             | 37,996.00                |                                       |
|                          | <u>\$ 892,421.74</u>        | <u>\$ 91,377.52</u>      | <u>\$ 21,333.62</u>                   |

Under the provisions of GASB 87, for the year ended December 31, 2023, the Borough would have recognized \$61,506.56 in a reduction of lease receivable and \$21,333.62 in interest revenue related to the leases. In addition, \$91,377.52 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 \$82,858.23 were reported as revenue in the current fund. The rental payments for the Building in the amount of \$189,980.00 were reported as revenue in the trust 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:

| <u>Year</u>                                | <u>Balance<br/>December 31,</u> | <u>Utilized in<br/>Budget of<br/>Succeeding Year</u> | <u>Percentage<br/>of Fund<br/>Balance Used</u> |
|--|---------------------------------|--|--|
| <b><u>Current Fund</u></b>                 |                                 |  |  |
| 2023                                       | \$ 7,273,459.91                 | \$ 3,118,500.00                                      | 42.88%   |
| 2022                                       | 5,833,905.57                    | 1,984,500.00   | 34.02%   |
| 2021                                       | 5,244,870.76                    | 1,984,500.00   | 37.84%   |
| 2020                                       | 4,279,204.52                    | 1,705,500.00   | 39.86%   |
| 2019                                       | 4,537,100.60                    | 1,708,000.00   | 37.65%   |
| <b><u>Water and Sewer Utility Fund</u></b> |                                 |  |  |
| 2023                                       | \$ 4,937,230.80                 | \$ 2,395,580.76                                      | 48.52%   |
| 2022                                       | 5,420,979.60                    | 2,437,997.58   | 44.97%   |
| 2021                                       | 5,786,083.71                    | 2,435,666.87   | 42.10%   |
| 2020                                       | 6,198,154.32                    | 2,077,139.00   | 33.51%   |
| 2019                                       | 7,310,663.31                    | 1,614,038.69   | 22.08%   |
| <b><u>Parking Utility Fund</u></b>         |                                 |  |  |
| 2023                                       | \$ 27,218.94                    | \$ 25,000.00   | 91.85%   |
| 2022                                       | 26,815.05                       | 25,000.00  | 93.23%   |
| 2021                                       | 26,647.10                       | 25,000.00  | 93.82%   |
| 2020                                       | 26,514.23                       | 25,000.00  | 94.29%   |
| 2019                                       | 26,371.03                       | 25,000.00  | 94.80%   |

**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<br/>Receivable</u> | <u>Interfunds<br/>Payable</u> |
|------------------------------------|----------------------------------|-------------------------------|
| Current<br>Federal and State Grant | \$ 436,401.77                    | \$ 436,401.77                 |
| Totals                             | <u>\$ 436,401.77</u>             | <u>\$ 436,401.77</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 Pensions' 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.

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

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

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

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

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

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

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

**Contributions**

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

*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.



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

**Public Employees' Retirement System (Cont'd)** – 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 17.10% 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 \$1,171,153.00, 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 \$1,122,992.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$521,458.49.

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 .43% 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 \$29,489.00 and is payable by April 1, 2023.

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

**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.

*Police and Firemen's Retirement System (Police)* - The Borough's contractually required contribution rate for the year ended December 31, 2022 was 36.49% 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, 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 \$1,834,505.00, 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 \$1,535,778.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$506,555.70.

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 7.12% of the Borough's covered payroll.

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 \$357,733.00, 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 \$235,318.00, which was paid on April 1, 2022.

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

*Police and Firemen's Retirement System (Fire)* - The Borough's contractually required contribution rate for the year ended December 31, 2022 was 35.41% 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 \$282,911.00, 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 \$194,130.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$79,889.10.

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 6.91% of the Borough's covered payroll.

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 \$55,168.00, 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 \$29,745.00, 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 \$29,940.07, and the Borough's contributions were \$12,786.00. 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 \$14,015,573.00. 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 .0928714038%, which was a decrease of .0030193350% from its proportion measured as of June 30, 2021.

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

**Pension (Benefit) Expense** - For the year ended December 31, 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 (\$647,934.00). 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 \$1,122,992.00 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 \$14,911.00. This on-behalf (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

**Police and Firemen's Retirement System***Police and Firemen's Retirement System (Police)*

**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  | \$ 16,145,741.00        |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer | <u>2,873,469.00</u>     |
|   | <u>\$ 19,019,210.00</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 .14105573000%, which was an increase of .0092818111% 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 .1410557900%, which was an increase of .0092818213% 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 \$329,824.00. 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 \$1,535,778.00, and was paid on April 1, 2022.

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

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 \$331,522.00. This on-behalf (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

*Police and Firemen's Retirement System (Fire)*

**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  | \$ 2,489,940.00        |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer | <u>443,136.00</u>      |
|   | <u>\$ 2,933,076.00</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 .0217531300%, which was an increase of .0050962493% 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 .0217530000%, which was an increase of .0050963197% 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 \$276,405.00. 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 \$194,130.00 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 \$51,126.00. This on-behalf (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

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

**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>PERS</u>                           | <u>PFRS - Police</u>   | <u>PFRS - Fire</u>     | <u>Total</u>           |
| Differences between Expected and Actual Experience   | \$ 101,158.00                         | \$ 730,799.00          | \$ 112,701.00          | \$ 944,658.00          |
| Changes of Assumptions   | 43,425.00                             | 44,249.00              | 6,824.00               | 94,498.00              |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments                             | 580,092.00                            | 1,478,475.00           | 228,005.00             | 2,286,572.00           |
| Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions | 913,610.00                            | 1,973,269.00           | 894,050.00             | 3,780,929.00           |
| Borough Contributions Subsequent to the Measurement Date   | 585,577.00                            | 917,253.00             | 141,456.00             | 1,644,286.00           |
|  | <u>\$ 2,223,862.00</u>                | <u>\$ 5,144,045.00</u> | <u>\$ 1,383,036.00</u> | <u>\$ 8,750,943.00</u> |
|  | <u>Deferred Inflows of Resources</u>  |                        |                        |                        |
|  | <u>PERS</u>                           | <u>PFRS - Police</u>   | <u>PFRS - Fire</u>     | <u>Total</u>           |
| Differences between Expected and Actual Experience   | \$ 89,207.00                          | \$ 989,146.00          | \$ 152,543.00          | \$ 1,230,896.00        |
| Changes of Assumptions   | 2,098,686.00                          | 2,032,430.00           | 313,434.00             | 4,444,550.00           |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments                             | -                                     | -                      | -                      | -                      |
| Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions | 460,355.00                            | -                      | 69,481.00              | 529,836.00             |
| Borough Contributions Subsequent to the Measurement Date   | -                                     | -                      | -                      | -                      |
|  | <u>\$ 2,648,248.00</u>                | <u>\$ 3,021,576.00</u> | <u>\$ 535,458.00</u>   | <u>\$ 6,205,282.00</u> |

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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Deferred outflows of resources in the amounts of \$585,577.00, \$917,253.00, and \$141,456.00 for PERS, PFRS (Police), and PFRS (Fire), 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.

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

|  | PERS                                  |                                      | PFRS                                  |                                      |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|  | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between Expected and Actual Experience                           |                                       |                                      |                                       |                                      |
| Year of Pension Plan Deferral:   |                                       |                                      |                                       |                                      |
| June 30, 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 PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

| <b>Year Ending<br/>Dec 31,</b> | <b><u>PERS</u></b>       | <b><u>PFRS - Police</u></b> | <b><u>PFRS - Fire</u></b> | <b><u>Total</u></b>  |
|--------------------------------|--------------------------|-----------------------------|---------------------------|----------------------|
| 2023                           | \$ (903,644.00)          | \$ (301,769.00)             | \$ 109,713.00             | \$ (1,095,700.00)    |
| 2024                           | (440,297.00)             | (59,088.00)                 | 151,293.00                | (348,092.00)         |
| 2025                           | (220,848.00)             | (64,850.00)                 | 26,540.00                 | (259,158.00)         |
| 2026                           | 560,818.00               | 1,344,952.00                | 279,804.00                | 2,185,574.00         |
| 2027                           | (5,992.00)               | 228,946.00                  | 113,076.00                | 336,030.00           |
| Thereafter                     | -                        | 57,025.00                   | 25,696.00                 | 82,721.00            |
|                                | <u>\$ (1,009,963.00)</u> | <u>\$ 1,205,216.00</u>      | <u>\$ 706,122.00</u>      | <u>\$ 901,375.00</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:

|  | <b><u>PERS</u></b>           | <b><u>PFRS</u></b>           |
|--|------------------------------|------------------------------|
| 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<br>Study upon which Actuarial<br>Assumptions were Based | July 1, 2018 - June 30, 2021 | July 1, 2018 - June 30, 2021 |



**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

**Police and Firemen's Retirement System**

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

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 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<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>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 PLANS (CONT'D)**

**Actuarial Assumptions (Cont'd)**

**Discount Rate -**

**Public Employees' Retirement System** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 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:

|   | <b>1%<br/>Decrease<br/><u>(6.00%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(7.00%)</u></b> | <b>1%<br/>Increase<br/><u>(8.00%)</u></b> |
|---|---|---|---|
| Proportionate Share of the<br>Net Pension Liability | <u>\$ 18,005,906.00</u>                   | <u>\$ 14,015,573.00</u>                             | <u>\$ 10,619,639.00</u>                   |

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

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of the June 30, 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:

| <b><u>PFRS Police</u></b>   | <b>1%<br/>Decrease<br/><u>(6.00%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(7.00%)</u></b> | <b>1%<br/>Increase<br/><u>(8.00%)</u></b> |
|---|---|---|---|
| Proportionate Share of the<br>Net Pension Liability                   | \$ 22,153,701.00                          | \$ 16,145,741.00                                    | \$ 11,144,086.00                          |
| State of New Jersey's Proportionate<br>Share of Net Pension Liability | <u>3,942,709.00</u>                       | <u>2,873,469.00</u>                                 | <u>1,983,321.00</u>                       |
|   | <u>\$ 26,096,410.00</u>                   | <u>\$ 19,019,210.00</u>                             | <u>\$ 13,127,407.00</u>                   |
| <br>  |   |   |   |
| <b><u>PFRS Fire</u></b>   | <b>1%<br/>Decrease<br/><u>(6.00%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(7.00%)</u></b> | <b>1%<br/>Increase<br/><u>(8.00%)</u></b> |
| Proportionate Share of the<br>Net Pension Liability                   | \$ 3,416,468.00                           | \$ 2,489,940.00                                     | \$ 1,718,603.00                           |
| State of New Jersey's Proportionate<br>Share of Net Pension Liability | <u>608,031.00</u>                         | <u>443,136.00</u>                                   | <u>305,861.00</u>                         |
|   | <u>\$ 4,024,499.00</u>                    | <u>\$ 2,933,076.00</u>                              | <u>\$ 2,024,464.00</u>                    |

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years.

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

|   | <b>Measurement Date Ended June 30,</b> |                    |                    |                    |                    |
|---|--|--------------------|--------------------|--------------------|--------------------|
|   | <b><u>2022</u></b>                     | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> |
| Proportion of the Net Pension Liability   | 0.0928714038%                          | 0.0958907388%      | 0.0917105353%      | 0.0896929294%      | 0.0874577447%      |
| Proportionate Share of the Net Pension Liability                                    | \$ 14,015,573.00                       | \$ 11,359,696.00   | \$ 14,955,590.00   | \$ 16,161,305.00   | \$ 17,219,994.00   |
| Covered Payroll (Plan Measurement Period)   | \$ 6,937,464.00                        | \$ 7,104,848.00    | \$ 6,652,028.00    | \$ 6,229,144.00    | \$ 6,116,640.00    |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 202.03%                                | 159.89%            | 224.83%            | 259.45%            | 281.53%            |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability          | 62.91%                                 | 70.33%             | 58.32%             | 56.27%             | 53.60%             |
|   | <b>Measurement Date Ended June 30,</b> |                    |                    |                    |                    |
|   | <b><u>2017</u></b>                     | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
| Proportion of the Net Pension Liability   | 0.0854916680%                          | 0.0834315530%      | 0.0815050690%      | 0.0815341775%      | 0.0777714512%      |
| Proportionate Share of the Net Pension Liability                                    | \$ 19,901,094.00                       | \$ 24,710,033.00   | \$ 18,296,255.00   | \$ 15,265,428.00   | \$ 14,863,670.00   |
| Covered Payroll (Plan Measurement Period)   | \$ 5,914,572.00                        | \$ 5,688,968.00    | \$ 5,663,784.00    | \$ 5,571,784.00    | \$ 5,292,428.00    |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 336.48%                                | 434.35%            | 323.04%            | 273.98%            | 280.85%            |
| 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 PLANS (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                                 | \$ 1,171,153.00                | \$ 1,122,992.00       | \$ 1,003,267.00       | \$ 872,448.00       | \$ 869,922.00       |
| Contribution in Relation to the Contractually Required Contribution | <u>(1,171,153.00)</u>          | <u>(1,122,992.00)</u> | <u>(1,003,267.00)</u> | <u>(872,448.00)</u> | <u>(869,922.00)</u> |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>         |
| Covered Payroll (Calendar Year)                                     | \$ 6,847,184.00                | \$ 6,911,247.00       | \$ 7,105,212.00       | \$ 6,724,965.00     | \$ 6,379,201.00     |
| Contributions as a Percentage of Covered Payroll                    | 17.10%                         | 16.25%                | 14.12%                | 12.97%              | 13.64%              |
|   | <u>Year Ended December 31,</u> |                       |                       |                     |                     |
|   | <u>2017</u>                    | <u>2016</u>           | <u>2015</u>           | <u>2014</u>         | <u>2013</u>         |
| Contractually Required Contribution                                 | \$ 791,989.00                  | \$ 741,194.00         | \$ 700,725.00         | \$ 672,156.00       | \$ 585,992.00       |
| Contribution in Relation to the Contractually Required Contribution | <u>(791,989.00)</u>            | <u>(741,194.00)</u>   | <u>(700,725.00)</u>   | <u>(672,156.00)</u> | <u>(585,992.00)</u> |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>         |
| Covered Payroll (Calendar Year)                                     | \$ 6,090,614.00                | \$ 5,915,192.00       | \$ 5,791,439.00       | \$ 5,697,534.00     | \$ 5,592,099.00     |
| Contributions as a Percentage of Covered Payroll                    | 13.00%                         | 12.53%                | 12.10%                | 11.80%              | 10.48%              |

**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS Police) (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   | 0.1415573000%                          | 0.1317739189%           | 0.1272029247%           | 0.1225018335%           | 0.1217854291%           |
| Proportionate Share of the Net Pension Liability                                    | \$ 16,145,741.00                       | \$ 9,631,556.00         | \$ 16,436,296.00        | \$ 14,991,552.00        | \$ 16,479,576.00        |
| State's Proportionate Share of the Net Pension Liability                            | <u>2,873,469.00</u>                    | <u>2,708,873.00</u>     | <u>2,550,838.00</u>     | <u>2,367,195.00</u>     | <u>2,238,478.00</u>     |
| Total   | <u>\$ 19,019,210.00</u>                | <u>\$ 12,340,429.00</u> | <u>\$ 18,987,134.00</u> | <u>\$ 17,358,747.00</u> | <u>\$ 18,718,054.00</u> |
| Covered Payroll (Plan Measurement Period)   | \$ 5,026,592.00                        | \$ 4,619,352.00         | \$ 4,296,624.00         | \$ 4,161,924.00         | \$ 4,087,080.00         |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 321.21%                                | 208.50%                 | 382.54%                 | 360.21%                 | 403.21%                 |
| 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   | 0.1193797700%                          | 0.1249448401%           | 0.1212753862%           | 0.1341262191%           | 0.1340701530%           |
| Proportionate Share of the Net Pension Liability                                    | \$ 18,429,929.00                       | \$ 23,867,661.00        | \$ 20,200,252.00        | \$ 16,871,834.00        | \$ 17,823,417.00        |
| State's Proportionate Share of the Net Pension Liability                            | <u>2,064,307.00</u>                    | <u>2,004,292.00</u>     | <u>1,771,494.00</u>     | <u>1,816,813.00</u>     | <u>1,661,359.00</u>     |
| Total   | <u>\$ 20,494,236.00</u>                | <u>\$ 25,871,953.00</u> | <u>\$ 21,971,746.00</u> | <u>\$ 18,688,647.00</u> | <u>\$ 19,484,776.00</u> |
| Covered Payroll (Plan Measurement Period)   | \$ 3,864,288.00                        | \$ 3,993,544.00         | \$ 3,879,376.00         | \$ 4,202,064.00         | \$ 4,175,168.00         |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 476.93%                                | 597.66%                 | 520.71%                 | 401.51%                 | 426.89%                 |
| 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 PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS Police) (Last Ten Years)***

|   | <b>Year Ended December 31,</b> |                       |                       |                       |                       |
|---|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <b><u>2022</u></b>             | <b><u>2021</u></b>    | <b><u>2020</u></b>    | <b><u>2019</u></b>    | <b><u>2018</u></b>    |
| Contractually Required Contribution                                 | \$ 1,834,505.00                | \$ 1,535,778.00       | \$ 1,421,074.00       | \$ 1,237,404.00       | \$ 1,190,632.00       |
| Contribution in Relation to the Contractually Required Contribution | <u>(1,834,505.00)</u>          | <u>(1,535,778.00)</u> | <u>(1,421,074.00)</u> | <u>(1,237,404.00)</u> | <u>(1,190,632.00)</u> |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered Payroll (Calendar Year)                                     | \$ 5,026,902.00                | \$ 5,083,073.00       | \$ 4,681,787.00       | \$ 4,360,339.00       | \$ 4,219,488.00       |
| Contributions as a Percentage of Covered Payroll                    | 36.49%                         | 30.21%                | 30.35%                | 28.38%                | 28.22%                |
|   | <b>Year Ended December 31,</b> |                       |                       |                       |                       |
|   | <b><u>2017</u></b>             | <b><u>2016</u></b>    | <b><u>2015</u></b>    | <b><u>2014</u></b>    | <b><u>2013</u></b>    |
| Contractually Required Contribution                                 | \$ 1,056,533.00                | \$ 1,018,726.00       | \$ 985,788.00         | \$ 1,030,182.00       | \$ 978,146.00         |
| Contribution in Relation to the Contractually Required Contribution | <u>(1,056,533.00)</u>          | <u>(1,018,726.00)</u> | <u>(985,788.00)</u>   | <u>(1,030,182.00)</u> | <u>(978,146.00)</u>   |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered Payroll (Calendar Year)                                     | \$ 4,089,420.00                | \$ 3,944,568.00       | \$ 4,043,411.00       | \$ 3,970,750.00       | \$ 4,167,419.00       |
| Contributions as a Percentage of Covered Payroll                    | 25.84%                         | 25.83%                | 24.38%                | 25.94%                | 23.47%                |

**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS Fire) (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  | 0.0217531300%                          | 0.0166568807%          | 0.0161830215%          | 0.0169613200%          | 0.0116586008%          |
| Proportionate Share of the Net Pension Liability                                       | \$ 2,489,940.00                        | \$ 1,217,477.00        | \$ 2,091,060.00        | \$ 2,076,652.00        | \$ 1,577,601.00        |
| State's Proportionate Share of the Net Pension Liability                               | 443,136.00                             | 342,415.00             | 324,523.00             | 327,907.00             | 214,291.00             |
| Total  | <u>\$ 2,933,076.00</u>                 | <u>\$ 1,559,892.00</u> | <u>\$ 2,415,583.00</u> | <u>\$ 2,404,559.00</u> | <u>\$ 1,791,892.00</u> |
| Covered Payroll (Plan Measurement Period)  | \$ 775,184.00                          | \$ 583,908.00          | \$ 558,396.00          | \$ 520,740.00          | \$ 386,776.00          |
| Proportionate Share of the Net Pension Liability<br>as a Percentage of Covered Payroll | 321.21%                                | 208.50%                | 374.48%                | 398.79%                | 407.88%                |
| Plan Fiduciary Net Position as a Percentage<br>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  | 0.0120565847%                          | 0.0082256422%          | 0.0081511879%          | 0.0085514445%          | 0.0084374832%          |
| Proportionate Share of the Net Pension Liability                                       | \$ 1,861,304.00                        | \$ 1,571,308.00        | \$ 1,357,704.00        | \$ 1,075,692.00        | \$ 1,121,687.00        |
| State's Proportionate Share of the Net Pension Liability                               | 208,482.00                             | 131,951.00             | 119,066.00             | 115,834.00             | 104,555.00             |
| Total  | <u>\$ 2,069,786.00</u>                 | <u>\$ 1,703,259.00</u> | <u>\$ 1,476,770.00</u> | <u>\$ 1,191,526.00</u> | <u>\$ 1,226,242.00</u> |
| Covered Payroll (Plan Measurement Period)  | \$ 390,268.00                          | \$ 262,908.00          | \$ 242,532.00          | \$ 270,096.00          | \$ 264,796.00          |
| Proportionate Share of the Net Pension Liability<br>as a Percentage of Covered Payroll | 476.93%                                | 597.66%                | 559.80%                | 398.26%                | 423.60%                |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability          | 58.60%                                 | 52.01%                 | 56.31%                 | 62.41%                 | 58.70%                 |



**Note 9: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS Fire) (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                                 | \$ 282,911.00                  | \$ 194,130.00 | \$ 180,792.00 | \$ 171,407.00 | \$ 113,980.00 |
| Contribution in Relation to the Contractually Required Contribution | (282,911.00)                   | (194,130.00)  | (180,792.00)  | (171,407.00)  | (113,980.00)  |
| Contribution Deficiency (Excess)                                    | \$ -                           | \$ -          | \$ -          | \$ -          | \$ -          |
| Covered Payroll (Calendar Year)                                     | \$ 798,891.00                  | \$ 753,140.00 | \$ 594,474.00 | \$ 570,898.00 | \$ 529,085.00 |
| Contributions as a Percentage of Covered Payroll                    | 35.41%                         | 25.78%        | 30.41%        | 30.02%        | 21.54%        |
|   | <u>Year Ended December 31,</u> |               |               |               |               |
|   | <u>2017</u>                    | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
| Contractually Required Contribution                                 | \$ 106,703.00                  | \$ 67,067.00  | \$ 66,257.00  | \$ 65,681.00  | \$ 61,558.00  |
| Contribution in Relation to the Contractually Required Contribution | (106,703.00)                   | (67,067.00)   | (66,257.00)   | (65,681.00)   | (61,558.00)   |
| Contribution Deficiency (Excess)                                    | \$ -                           | \$ -          | \$ -          | \$ -          | \$ -          |
| Covered Payroll (Calendar Year)                                     | \$ 395,540.00                  | \$ 380,768.00 | \$ 301,892.00 | \$ 246,782.00 | \$ 269,700.00 |
| Contributions as a Percentage of Covered Payroll                    | 26.98%                         | 17.61%        | 21.95%        | 26.61%        | 22.82%        |

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

The June 30, 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: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

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. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2023 was not available; therefore, the information from the measurement period June 30, 2022 is disclosed below

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

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

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

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

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

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

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

The Borough was billed monthly by the Plan and paid \$1,452,221.24, for the year ended December 31, 2022, representing 12.23% of the Borough's covered payroll. During the year ended December 31, 2022, retirees were required to contribute \$84,595.44 to the Plan.

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

**OPEB Liability** - At December 31, 2022, the Borough's proportionate share of the net OPEB liability was \$41,949,059.00.

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The Borough's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Borough's proportion was .259753%, which was a decrease of .004143% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

**OPEB (Benefit) Expense** - At December 31, 2022, the Borough's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is \$745,019.00. 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 made contributions to the Plan totaling \$1,452,221.24.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2022, the Borough had deferred outflows of resources and deferred inflows of resources from the following sources:

|   | <b><u>Deferred<br/>Outflows<br/>of Resources</u></b> | <b><u>Deferred<br/>Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences between Expected and Actual Experience                            | \$ 2,166,294.00                                      | \$ 7,775,572.00                                     |
| Changes of Assumptions  | 5,598,276.00   | 14,316,405.00                                       |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | 11,043.00  | -   |
| Changes in Proportion   | 3,759,955.00   | 1,980,412.00  |
| Contributions Subsequent to the Measurement Date                              | <u>718,634.26</u>                                    | <u>-</u>  |
|   | <b><u>\$ 12,254,202.26</u></b>                       | <b><u>\$ 24,072,389.00</u></b>                      |

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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Deferred outflows of resources in the amount of \$718,634.26 will be included as a reduction of the Borough's net OPEB liability during the year ending December 31, 2023. The Borough will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

|  | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |  | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|--|---|--|--|---|--|
| Differences between Expected and Actual Experience |   |  | Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments |   |  |
| Year of OPEB Plan Deferral:                        |   |  | Year of OPEB Plan Deferral:  |   |  |
| June 30, 2018                                      | -   | 8.14   | June 30, 2018  | 5.00  | -  |
| June 30, 2019                                      | -   | 8.05   | June 30, 2019  | 5.00  | -  |
| June 30, 2020                                      | 7.87  | -  | June 30, 2020  | 5.00  | -  |
| June 30, 2021                                      | -   | 7.82   | June 30, 2021  | 5.00  | -  |
| June 30, 2022                                      | 7.82  | -  | June 30, 2022  | 5.00  | -  |
| Changes of Assumptions                             |   |  | Changes in Proportion  |   |  |
| Year of OPEB Plan Deferral:                        |   |  | Year of OPEB Plan Deferral:  |   |  |
| June 30, 2017                                      | -   | 8.04   | June 30, 2017  | 8.04  | 8.04   |
| June 30, 2018                                      | -   | 8.14   | June 30, 2018  | 8.14  | 8.14   |
| June 30, 2019                                      | -   | 8.05   | June 30, 2019  | 8.05  | 8.05   |
| June 30, 2020                                      | 7.87  | -  | June 30, 2020  | 7.87  | 7.87   |
| June 30, 2021                                      | 7.82  | -  | June 30, 2021  | 7.82  | 7.82   |
| June 30, 2022                                      | -   | 7.82   | June 30, 2022  | 7.82  | 7.82   |

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

| <b>Year Ending<br/>Dec. 31,</b> |                           |
|---------------------------------|---------------------------|
| 2023                            | \$ (3,454,307.00)         |
| 2024                            | (3,457,663.00)            |
| 2025                            | (2,467,284.00)            |
| 2026                            | (1,010,757.00)            |
| 2027                            | 98,759.00                 |
| Thereafter                      | <u>(2,245,569.00)</u>     |
|                                 | <u>\$ (12,536,821.00)</u> |

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

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, used the following actuarial assumptions, applied to all periods in the measurement:

## Salary Increases \*

|                                   |   |
|-----------------------------------|---|
| PERS - Rates for all future years | 2.75% to 6.55% based on years of service  |
| PFRS - Rates for all future years | 3.25% to 16.25% based on years of service |

## Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS - Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Actuarial assumptions used in the valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

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

**Discount Rate** - The discount rate used to measure the OPEB liability at June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Actuarial Assumptions (Cont'd)**

**Health Care Trend Assumptions** - The health care trend assumptions used is as follows:

| Fiscal Year<br>Ending | Annual Rate of Increase |             |             |                               |
|-----------------------|-------------------------|-------------|-------------|-------------------------------|
|                       | Medical Trend           |             |             | Prescription<br>Drug<br>Trend |
|                       | Pre-65                  | PPO Post-65 | HMO Post-65 |                               |
| 2023                  | 6.25%                   | -1.89%      | -1.99%      | 8.00%                         |
| 2024                  | 6.00%                   | -6.00%      | -6.15%      | 7.50%                         |
| 2025                  | 5.75%                   | 6.99%       | 7.02%       | 7.00%                         |
| 2026                  | 5.50%                   | 15.04%      | 15.18%      | 6.50%                         |
| 2027                  | 5.25%                   | 13.00%      | 13.11%      | 6.00%                         |
| 2028                  | 5.00%                   | 11.47%      | 11.56%      | 5.50%                         |
| 2029                  | 4.75%                   | 10.27%      | 10.35%      | 5.00%                         |
| 2030                  | 4.50%                   | 9.29%       | 9.35%       | 4.50%                         |
| 2031                  | 4.50%                   | 8.50%       | 8.55%       | 4.50%                         |
| 2032                  | 4.50%                   | 6.25%       | 6.27%       | 4.50%                         |
| 2033 and Later        | 4.50%                   | 4.50%       | 4.50%       | 4.50%                         |

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability, calculated using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

|   | 1%<br>Decrease<br><u>(2.54%)</u> | Current<br>Discount Rate<br><u>(3.54%)</u> | 1%<br>Increase<br><u>(4.54%)</u> |
|---|----------------------------------|--|----------------------------------|
| Proportionate Share of the Net OPEB Liability | <u>\$ 48,627,404.00</u>          | <u>\$ 41,949,059.00</u>                    | <u>\$ 36,575,705.00</u>          |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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

|   | 1%<br>Decrease          | Healthcare Cost<br>Trend Rate | 1%<br>Increase          |
|---|-------------------------|-------------------------------|-------------------------|
| Proportionate Share of the Net OPEB Liability | <u>\$ 35,586,650.00</u> | <u>\$ 41,949,059.00</u>       | <u>\$ 50,097,514.00</u> |

**OPEB Plan Fiduciary Net Position**

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

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Supplementary OPEB Information**

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

***Schedule of the Proportionate Share of the Net OPEB Liability (Last Six Plan Years)***

|   | <u>Measurement Date Ended June 30,</u> |                  |                  |
|---|--|------------------|------------------|
|   | <u>2022</u>                            | <u>2021 (a)</u>  | <u>2020</u>      |
| Proportion of the Net OPEB Liability  | 0.259753%                              | 0.263896%        | 0.263917%        |
| Proportionate Share of the Net OPEB Liability                                     | \$ 41,949,059.00                       | \$ 47,500,703.00 | \$ 47,364,162.00 |
| Covered Payroll (Plan Measurement Period)   | \$ 11,907,441.00                       | \$ 11,916,805.00 | \$ 11,477,249.00 |
| Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll  | 352.29%                                | 398.60%          | 412.68%          |
| Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability | -0.36%                                 | 0.28%            | 0.91%            |
|   | <u>Measurement Date Ended June 30,</u> |                  |                  |
|   | <u>2019</u>                            | <u>2018</u>      | <u>2017</u>      |
| Proportion of the Net OPEB Liability  | 0.242329%                              | 0.249123%        | 0.240191%        |
| Proportionate Share of the Net OPEB Liability                                     | \$ 32,826,059.00                       | \$ 39,029,149.00 | \$ 49,036,887.00 |
| Covered Payroll (Plan Measurement Period)   | \$ 10,851,241.00                       | \$ 10,318,634.00 | \$ 10,057,829.00 |
| Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll  | 302.51%                                | 378.24%          | 487.55%          |
| Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability | 1.98%                                  | 1.97%            | 1.03%            |

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.



**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of Contributions (Last Six Years)***

|  | <u>Year Ended December 31,</u> |                       |                       |
|--|--------------------------------|-----------------------|-----------------------|
|  | <u>2022</u>                    | <u>2021</u>           | <u>2020</u>           |
| Required Contributions   | \$ 1,452,221.24                | \$ 1,225,203.13       | \$ 1,110,504.51       |
| Actual Contributions in Relation to the<br>Required Contribution | <u>(1,452,221.24)</u>          | <u>(1,225,203.13)</u> | <u>(1,110,504.51)</u> |
| Contribution Deficiency (Excess)                                 | <u>\$ -</u>                    | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered Payroll (Calendar Year)                                  | \$ 11,874,086.00               | \$ 11,994,320.00      | \$ 11,786,999.00      |
| Contributions as a Percentage of<br>Covered Payroll              | 12.23%                         | 10.21%                | 9.42%                 |
|  | <u>Year Ended December 31,</u> |                       |                       |
|  | <u>2019</u>                    | <u>2018</u>           | <u>2017</u>           |
| Required Contributions   | \$ 1,074,473.08                | \$ 1,722,106.60       | \$ 1,717,058.48       |
| Actual Contributions in Relation to the<br>Required Contribution | <u>(1,074,473.08)</u>          | <u>(1,722,106.60)</u> | <u>(1,717,058.48)</u> |
| Contribution Deficiency (Excess)                                 | <u>\$ -</u>                    | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered Payroll (Calendar Year)                                  | \$ 11,085,304.00               | \$ 10,598,689.00      | \$ 10,180,034.00      |
| Contributions as a Percentage of<br>Covered Payroll              | 9.69%                          | 16.25%                | 16.87%                |

**Other Notes to Supplementary OPEB Information**

**Changes in Benefit Terms** - The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, included changes due to employers adopting and /or changing Chapter 48 provisions.

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2022        | 3.54%       | 2019        | 3.50%       |
| 2021        | 2.16%       | 2018        | 3.87%       |
| 2020        | 2.21%       | 2017        | 3.58%       |

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

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

**Other Notes to Supplementary OPEB Information (Cont'd)**

**Changes in Assumptions (Cont'd)** - In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated experience study.

There were no changes to mortality projections.

**Note 11: COMPENSATED ABSENCES**

Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. All employees are granted five sick days per year. The Borough does not permit employees to accrue unused vacation pay. The Borough has entered into duly negotiated and approved labor agreements with various unions in regard to accumulated absence benefits.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, 31, 2023, accrued benefits for compensated absences are valued at \$841,124.70.

**Note 12: FINANCED PURCHASE OBLIGATIONS**

The Borough has entered into the following agreements which meet the requirements of GASB Statement No. 87, *Leases*.

**Vehicles** - As of December 31, 2023, the Borough is financing seventeen (17) police vehicles with a total cost of \$860,281.80 and total monthly payments of \$14,338.03. The agreements are each for a term of five (5) years with an interest rate of 2.125%. The final maturity of the financed purchases is November 30, 2028.

The following is an analysis of the financed purchase obligation liability:

| <b><u>Description</u></b> | <b><u>Balance</u></b><br><b><u>December 31, 2023</u></b> |
|---------------------------|--|
| Vehicles                  | \$ 561,022.49  |

**Note 12: FINANCED PURCHASE OBLIGATIONS (CONT'D)**

The following schedule represents the remaining future minimum payments under the financed purchase obligations, and the present value of the net minimum payments as of December 31, 2023:

| <u>Year</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|-------------|----------------------|---------------------|----------------------|
| 2024        | \$ 168,476.24        | \$ 3,580.12         | \$ 172,056.36        |
| 2025        | 164,435.31           | 3,494.25            | 167,929.56           |
| 2026        | 129,258.81           | 2,746.75            | 132,005.56           |
| 2027        | 70,594.78            | 1,500.14            | 72,094.92            |
| 2028        | <u>28,257.35</u>     | <u>600.47</u>       | <u>28,857.82</u>     |
| Total       | <u>\$ 561,022.49</u> | <u>\$ 11,921.73</u> | <u>\$ 572,944.22</u> |

Under the provisions of GASB 87, for the year ended December 31, 2023, the Borough would have reported assets in the amount of \$860,281.80 and a financed purchase obligation in the amount of \$561,022.49. In addition, for the year ended December 31, 2023, the Borough would have recognized a reduction of the financed purchase obligation of \$140,218.89 and interest expense of \$2,979.65.

As a result of the regulatory basis of accounting previously described in note 1, the above noted cost of the assets, along with the financed purchase obligation liability, have not been recorded on the Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund, instead, the annual payment of the financed purchase obligation of \$159,390.59 was budgeted and paid from the current fund. In addition, the assets have been recorded in the general fixed asset group of accounts at historical cost at the inception of each finance purchase agreement.

**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:

**Buildings** - On December 26, 2023, the Borough entered into a five (5) year lease agreement for office space located at 101 Rowan Boulevard, Glassboro, New Jersey. The end of the lease term is December 31, 2028. The implied interest rate is based on the Borough's estimated incremental borrowing rate of 1.75%. Based on the terms of this lease, the annual rent is \$37,996.00 for each of the five years. The Borough paid \$189,980.00, for the five year lease in advance, during the year ended December 31, 2023 from the trust fund.

Under the provisions of GASB 87, as of December 31, 2023, there is no lease liability since the five year lease agreement was prepaid, and the related right to use leased assets have a balance of \$189,980.00. The leases are summarized as follows:

| <u>Description</u> | <u>Balance at December 31,</u> |                    |
|--------------------|--------------------------------|--------------------|
|                    | <u>Lease Liability</u>         | <u>Lease Asset</u> |
| Building           | \$ -                           | \$ 189,980.00      |

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.

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

\$9,814,000.00 General Improvement Bonds dated January 16, 2014, payable in annual installments through January 15, 2023. Interest is paid semi-annually at a rate of 4% per annum.

\$7,307,000.00 General Improvement Bonds dated March 19, 2014, payable in annual installments through March 1, 2023. Interest is paid semi-annually at a rate of 3% per annum.

\$3,190,000.00 General Improvement Refunding Bonds dated December 30, 2014, payable in annual installments through December 1, 2028. Interest is paid semi-annually at rates of 3% to 5% per annum.

\$3,035,000.00 General Improvement Refunding Bonds dated June 1, 2016, payable in annual installments through February 1, 2025. Interest is paid semi-annually at rates of 2% to 3% per annum.

\$11,195,000.00 General Improvement Bonds dated November 19, 2019, payable in annual installments through November 15, 2031. Interest is paid semi-annually at rates of 2% to 2.25% per annum.

\$13,595,000.00 Taxable General Improvement Refunding Bonds dated March 11, 2021, payable in annual installments through January 15, 2039. Interest is paid semi-annually at rates of 0.266% to 2.772% per annum.

**Water and Sewer Utility Capital Improvement Bonds**

\$3,470,000.00 Water and Sewer Utility Refunding Bonds dated December 30, 2014, payable in annual installments through December 1, 2028. Interest is paid semi-annually at rates of 3% to 5% per annum.

\$1,850,000.00 Water and Sewer Utility Refunding Bonds dated June 1, 2016, payable in annual installments through February 1, 2025. Interest is paid semi-annually at rates of 2% to 3% per annum.

\$10,022,000.00 Water and Sewer Utility Bonds dated December 21, 2017, payable in annual installments through December 1, 2032. Interest is paid semi-annually at the rate of 2% to 3% per annum.

\$2,935,000.00 Water and Sewer Utility Bonds date November 19, 2019, payable in annual installments through November 15, 2029. Interest is paid semi-annually at the rate of 2% to 2.125% per annum.

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

| <u>Year</u> | <u>General</u>         |                        | <u>Water and Sewer Utility</u> |                        | <u>Total</u>            |
|-------------|------------------------|------------------------|--------------------------------|------------------------|-------------------------|
|             | <u>Principal</u>       | <u>Interest</u>        | <u>Principal</u>               | <u>Interest</u>        |                         |
| 2024        | \$ 2,515,000.00        | \$ 479,467.46          | \$ 1,627,000.00                | \$ 315,885.00          | \$ 4,937,352.46         |
| 2025        | 2,500,000.00           | 434,090.01             | 1,650,000.00                   | 267,843.76             | 4,851,933.77            |
| 2026        | 1,970,000.00           | 392,591.05             | 1,365,000.00                   | 222,000.00             | 3,949,591.05            |
| 2027        | 1,980,000.00           | 353,420.13             | 1,365,000.00                   | 178,950.00             | 3,877,370.13            |
| 2028        | 2,000,000.00           | 315,085.26             | 1,360,000.00                   | 140,800.00             | 3,815,885.26            |
| 2029-2033   | 7,410,000.00           | 1,004,525.51           | 3,520,000.00                   | 246,800.00             | 12,181,325.51           |
| 2034-2038   | 4,210,000.00           | 379,321.35             |                                |                        | 4,589,321.35            |
| 2039        | 810,000.00             | 11,226.60              |                                |                        | 821,226.60              |
|             | <u>\$23,395,000.00</u> | <u>\$ 3,369,727.37</u> | <u>\$ 10,887,000.00</u>        | <u>\$ 1,372,278.76</u> | <u>\$ 39,024,006.13</u> |

**Note 15: CAPITAL DEBT (CONT'D)****General Debt – Demolition Loan Payable**

On January 5, 2017, the Borough entered into a loan agreement with the Glassboro Housing Authority to provide \$1,499,000.00, at no interest related to the Redevelopment Plan.

The following schedule represents the remaining debt service, through maturity, for the Demolition Loan:

| <u>Year</u> | <u>Principal</u>       | <u>Interest</u> | <u>Total</u>           |
|-------------|------------------------|-----------------|------------------------|
| 2024        | \$ 74,950.00           |                 | \$ 74,950.00           |
| 2025        | 74,950.00              |                 | 74,950.00              |
| 2026        | 74,950.00              |                 | 74,950.00              |
| 2027        | 74,950.00              |                 | 74,950.00              |
| 2028        | 74,950.00              |                 | 74,950.00              |
| 2029-2033   | 374,750.00             |                 | 374,750.00             |
| 2034-2037   | 299,800.00             |                 | 299,800.00             |
| Totals      | <u>\$ 1,049,300.00</u> | <u>\$ -</u>     | <u>\$ 1,049,300.00</u> |



**Note 15: CAPITAL DEBT (CONT'D)****Summary of Statutory Debt Condition - Annual Debt Statement****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

|   |                                |
|---|--------------------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 55,406,277.20               |
| Less: Net Debt                                  | <u>31,956,575.00</u>           |
| Remaining Borrowing Power                       | <u><u>\$ 23,449,702.20</u></u> |

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

|  |                               |
|--|-------------------------------|
| Cash Receipts from Fees, Rents, Fund Balance<br>Anticipated, Interest and Other Investment<br>Income, and Other Charges for the Year | \$ 14,537,914.64              |
| Deductions:  |                               |
| Operating and Maintenance Costs  | \$ 9,863,099.00               |
| Debt Service   | <u>2,112,190.66</u>           |
| Total Deductions   | <u>11,975,289.66</u>          |
| Excess in Revenue  | <u><u>\$ 2,562,624.98</u></u> |



**Note 16: RISK MANAGEMENT**

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

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

The following is a summary of the activity and the ending balance of the Borough's trust fund for the current and previous two years:

| <u>Year</u> | <u>Employee Contributions</u> | <u>Interest Earnings</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|-------------------------------|--------------------------|--------------------------|-----------------------|
| 2023        | \$ 23,627.09                  | \$ 3,285.25              | \$ 22,910.29             | \$ 218,071.89         |
| 2022        | 22,822.20                     | 1,443.01                 | 27,194.63                | 214,069.84            |
| 2021        | 21,074.62                     | 1,057.12                 | 25,868.94                | 216,999.26            |

**Joint Insurance Fund** - The Borough of Glassboro is a member of the Gloucester, Salem and Cumberland Counties Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability  
 General Liability including Police Professional and Employee Benefit Liability  
 Automobile Liability  
 Blanket Crime including Public Employee Dishonesty  
 Property Including Boiler and Machinery  
 Cyber Liability

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

Excess Workers' Compensation  
 Excess General Liability  
 Non-Owned Aircraft Liability  
 Excess Auto Liability  
 Fidelity and Performance (Blanket)  
 Excess Property including Boiler and Machinery  
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

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

**Note 16: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Fund (Cont'd)** - For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Gloucester, Salem and Cumberland  
Counties Municipal Joint Insurance Fund  
6000 Sagemore Drive, Suite 6203  
P.O. Box 490  
Marlton, New Jersey 08053

**Note 17: CONTINGENCIES**

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

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

**Note 18: CONCENTRATIONS**

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

**Note 19: TAX ABATEMENTS**

The Borough entered into long-term tax abatement agreements (in excess of 5-year term) under the provisions of the New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation.

NJSA 40A:12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas.

The statutes were utilized by the Borough to attract redevelopers. Additionally, in many, but not all of the agreements, the Borough retained ownership of the land and charged a ground lease that mitigated the impact of the tax abatement.

**Note 19: TAX ABATEMENTS (CONT'D)**

For the year ended December 31, 2023, the Borough abated property taxes totaling \$9,629,518.04, offset by ground leases in the amount of \$4,541,657.43, for a net effective tax abatement of \$5,087,860.61. The following agreements were in effect as of December 31, 2023, under the provisions of the aforementioned statutes:

- A 3.98% net effective abatement to a developer for construction and operation of an 884 bed student housing facility. The net effective abatement amounted to \$40,384.00.
- A 41.96% net effective abatement to a developer for construction and operation of a three-bay, six and one-half level, approximately 1,194 space parking garage. The net effective abatement amounted to \$155,582.09.
- A 42.74% effective abatement (no ground lease) to a developer for construction and operation of a 129 Room Courtyard by Marriott Hotel and Conference Area. The abatement amounted to \$246,590.60.
- A 33.79% net effective abatement to a developer for construction and operation of a mixed use building consisting of a 280 bed student housing facility with administrative housing/office space for Rowan University's honors program and retail space. The net effective abatement amounted to \$275,959.13.
- A 35.99% net effective abatement to a developer for construction and operation of a five-story building including classrooms, office space, and a 57.59% net effective abatement for the retail space. The net effective abatement amounted to \$218,964.70.
- A 63.33% net effective abatement to a developer for construction and operation mixed use building consisting of 119 student apartments, 59 market rate apartments, medical office space, and retail space. The net effective abatement amounted to \$1,373,812.36.
- A 9.50% net effective abatement to a developer for construction and operation of a bookstore. The net effective abatement amounted to \$14,591.11.
- A 63.18% net effective abatement to a developer for construction and operation of a building including housing and classrooms, a 66.31% net effective abatement for the retail space, and an 82.76% net effective abatement for the parking garage. The net effective abatement amounted to \$1,753,669.36.
- A 48.83% net effective abatement to a developer for construction and operation of a mixed use building consisting of 120 student apartments and 20 market rate apartments, and a 48.83% net effective abatement for the retail space. The net effective abatement amounted to \$765,227.53.
- A 74.00% net effective abatement to a developer for construction and operation of 125 Unit Apartments. The net effective abatement amounted to \$243,079.73.

The Borough entered into tax abatement agreements under the provisions of NJSA 40A:21-1 et seq. "The Five Year Exemption and Abatement Law." For the year ended December 31, 2023, property taxes abated by the Borough under this law totaled \$701,944.46, made up of the following agreements:

| <u>Business Name</u> | <u>Purpose</u>     | <u>Percent Abated</u> | <u>Amount Abated</u> |
|----------------------|--------------------|-----------------------|----------------------|
| Camelot              | Housing            | various               | \$ 500,202.03        |
| Summit Square        | Housing            | various               | 6,988.25             |
| High Street Estates  | Housing            | 60%                   | 184,905.59           |
| Bonesaw              | Commercial Brewery | 20%                   | 9,848.59             |

**Note 20: SUBSEQUENT EVENTS**

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

| <u>Purpose</u>  | <u>Adoption</u> | <u>Authorization</u> |
|---|-----------------|----------------------|
| <b>General Capital Improvements:</b>  |                 |                      |
| Acquisition of various pieces of capital equipment and completion of various capital improvements | 04/09/24        | \$ 1,869,600.00      |
| <b>Water and Sewer Capital Improvements:</b>  |                 |                      |
| Various water and sewer improvements  | 04/09/24        | 3,995,000.00         |

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**



August 15, 2024

Mayor and Borough Council of the  
Borough of Glassboro  
1 South Main Street  
Glassboro, New Jersey

**RE: \$11,810,000 BOROUGH OF GLASSBORO, COUNTY OF GLOUCESTER,  
NEW JERSEY, BOND ANTICIPATION NOTES OF 2024, SERIES A**

Mayor and Borough Council Members:

We have served as Bond Counsel to the Borough of Glassboro, County of Gloucester, New Jersey ("Borough"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes"). The Notes consist of: (i) \$5,698,000 principal amount of General Improvement Notes; and (ii) \$6,112,000 principal amount of Water & Sewer Utility Notes.

The Notes are issued pursuant to and in accordance with: (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 20-05, 20-06, 20-07, 21-04, 21-05, 21-06, 22-13, and 23-09 (collectively, the "Bond Ordinances"), each duly and finally adopted the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award ("Award Certificate") executed by the Chief Financial Officer of the Borough on July 30, 2024.

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 15, 2024 and mature on May 30, 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 including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**



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.

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.

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

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

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

Very truly yours,



**APPENDIX D**

**FORM OF INFORMATION REPORTING UNDERTAKING AGREEMENT**

## INFORMATION REPORTING UNDERTAKING AGREEMENT

ISSUER: Borough of Glassboro, County of Gloucester, New Jersey ("Issuer")

ISSUE: \$11,810,000 Bond Anticipation Notes of 2024, Series A  
(Non-Callable) ("Notes")

DATED: August 15, 2024

CUSIP: 377136RM0

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")<sup>1</sup>, 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;

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

- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a financial obligation<sup>2</sup> 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.

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<sup>2</sup> 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 15th day of August, 2024.

ISSUER:

**BOROUGH OF GLASSBORO, COUNTY  
OF GLOUCESTER, NEW JERSEY**

By: \_\_\_\_\_  
**KARYN PACCIONE,**  
**Chief Financial Officer**